دار الشروق

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NEWS SUMMARY

GENERAL

Iran is open to move on hostages

Algerian intermediaries can seek alternative guarantees from the U.S. for the release of the 52 American hostages, Iran said yesterday.

Comments by Mr. Behzad Nabavi, head of the Iranian team negotiating the hostages' fate, indicated there was still room to talk. Before Christmas, Iran said a $24bn guarantee for their release was its final demand.

"If the U.S. can suggest another proposal which ensures a guarantee acceptable to the Algerian Government, it is acceptable to us," said Mr. Nabavi. Back Page

Ulster murder

A prison officer was shot dead in Belfast, and a second was wounded in a separate attack minutes later. In both cases gunmen were lying in wait, and knew their victims' homes and time and route to work.

Gunmen cornered

Three members of a five-man armed gang were last night cornered in a Dublin pub after shooting and wounding two unarmed detectives in a car chase after a bank raid.

Killer bomb

Jose Martin Sagardia Zaldua, 30, suspected leader of the military wing of ETA, the Basque separatist organisation, died instantly in a car bomb explosion in Biarritz. Page 2

Couple shot

A Lincolnshire couple—Herbert Coppinger, 64, and his wife Edna, 54—were shot and seriously wounded when they resisted a robbery attempt in Bangkok, police said.

FT editor

Mr. M. H. "Fredy" Fisher leaves the Financial Times today after eight years as editor and 23 years on the paper. He is to start a new career—as a banker with a senior post at S. C. Warburg. Page 5

President goes

President Senghor of Senegal, intellectual and poet, retires after 20 years. His successor is Abdou Diouf, Premier for the past 10 years. Page 3

Not automatic

Borrowers from several building societies will not have their monthly mortgage repayments reduced automatically from tomorrow although the recommended rate falls to 14 per cent. Page 4

Drinks tax call

A report on drinks sales concludes that the Government needs to develop a strong taxation policy on alcoholic drinks if it really wants to cut consumption. Page 4

Yuletide blaze

The film Towering Inferno topped Christmas TV viewing figures with an audience of 27m for BBC1 on Boxing Day, says the BBC, which claims 64 per cent of viewers tuned in to BBC channels.

Briefly . . .

Opposition leader Michael Foot leaves hospital today after treatment for an eye infection.

Old painting which hung almost unnoticed in Huntingdon Town Hall for 25 years may be a Gainsborough worth £100,000.

Royal National Lifeboat Institution lifeboatmen saved 1,127 lives this year.

Happy New Year

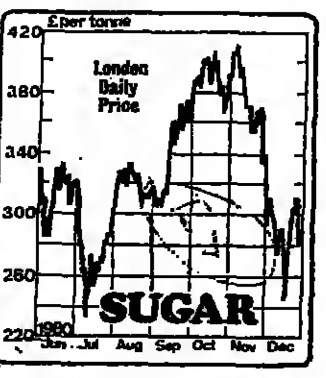
The Financial Times wishes all readers a happy and prosperous New Year.

In common with other national newspapers the FT will not be published tomorrow.

BUSINESS

Sugar off £25; Golds down 33.2

● SUGAR: The London daily raw sugar price was fixed £25 down at £280 a tonne. The



March position lost £12.60 to £296.75 a tonne, following a fall of £12.15 on Monday. Page 19

● EQUITIES: the FT 30-share index gained 2.6 to 472.6, but the Gold Mines index fell 33.2 to 408.1 as shares followed the bullion price down. Page 20

● GILTS: the Government Securities Index closed 0.06 down at 68.69. Page 20

● WALL STREET was up 2.82 near the close at 963.40. Page 18

● STERLING closed 2.55 cents higher at $2.3915. Its trade-weighted index was 78.6 (77.9). Page 15

● DOLLAR closed at Y203 (Y206.60) and DM 1.9525 (DM 1.9575). Its trade-weighted index was 85.9 (86.6). Page 15

● GOLD closed $6 lower at $586.50. Page 15

● SPANISH Cabinet and the Basque autonomous Government approved an agreement allowing the Basques to raise their own taxes. Back Page

● BRITISH PRINTING Industries Federation report said most of its officers should resign because of the organisation's "catastrophic" difficulties. Back Page and Page 5

● CORNHILL CONSOLIDATED Group, which collapsed at the start of the 1973-74 secondary banking crisis, was "no more than a huge speculation with borrowed money," Trade Department inspectors said. Page 4

● BRITTANY FERRIES' UK general manager resigned after a boardroom dispute. Back Page

● NORTH SEA gas gathering system planned to cost £1.1bn is now expected to cost about £2bn. Back Page

● PORT CHARGES at most major British ports will rise by an average 15 per cent from tomorrow. Page 4

● AIRPORTS run by local authorities should make an operating surplus of over £13m this financial year, up from £9.5m in 1979-80. Page 5

LABOUR

● BL UNION LEADERS said any alternative labour used to re-start production on the strike-bound Metro production line would be blacklegging. Back Page; Editorial comment, Page 12

● SEAMEN'S leaders in three major ports joined calls for a national strike over pay. Page 6

COMPANIES

● GAF Corporation of the U.S., a diversified chemicals manufacturer, announced a restructuring programme involving the sale of nearly half its businesses. Page 16

● JOHNSON AND BARNES, clothing manufacturer, said first half losses before tax were £229,569 (£70,745). Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
AGB Research	233	+ 15
BICC	171	+ 6
Brengreen	43½	+ 4
Burndene	9	+ 2
Caffyns	126	+ 8
Charterhouse Group	93	+ 3
GEC	607	+ 10
Hanson Trust	203	+ 7
Heelamat	91	+ 6
Kellock	145	+ 15
Ladbroke	243	+ 5
London United	175	+ 8
M and G Hldgs.	260	+ 10
Mercantile House	535	+ 10
Meyer (Mont. L.)	72	+ 7
Patersn. Zochonis A	415	+ 15
Phoenix Timber	121	+ 7
Somportex	385	+ 20
Taylor Woodrow	442	+ 10
Warren Plants.	181xr	+ 12
Mount Carrington	62	+ 7
FALLS		
Cornell Dresses	50	− 5
Midland Bank	332	− 6
Mining Supplies	140	− 5
LASMO	730	− 30
Sovereign Oil	420	− 20
Allstate Explor.	85	− 5
Grootvlei	461	− 57
Kinross Gold	£15¾	− 2¼
Randfontein Ests.	£37½	− 3¼
Rustenburg	264	− 12
Venterspost	556	− 78
West Driefontein	£37¼	− 3¾
Western Hldgs.	£37	− 3¼

Supplementary budget clash looms larger in Common Market

BY OUR FOREIGN STAFF

THE THREAT of a major constitutional clash in the European Community loomed larger yesterday as West Germany threw its full weight behind France in the dispute with the European Parliament over supplements to the Common Market budget.

With Greece joining the EEC tomorrow, and a new Commission due to take over in Brussels next week, the Community enters the New Year in a state of uncertainty and confusion.

Britain, Italy and Ireland have sided with the Parliament in its confrontation with the other member-Governments.

British officials confirmed yesterday that in the UK view the Parliament had acted legally in increasing Community spending commitments in both 1980 and 1981, despite French-laid opposition in the inter-Governmental Council of Ministers.

If France, West Germany and other countries implement their threat to withhold part of their contributions to the supplements, the Commission will almost certainly be forced to take them to the Community's court in Luxembourg, triggering a potentially serious power struggle between the three main institutions, the Council, the Commission and the Parliament.

In Brussels, Commission officials confirmed that France, West Germany, Belgium and Denmark had said they would contribute only toward the 100m European Unit of Account supplementary budget for 1980 approved by the Council to aid victims of the Italian earthquake.

This leaves uncertain the future of a further 266m Eua supplement added earlier this month by the Parliament without the blessing of the Council.

In deciding to take a hard line, the Bonn Government is introducing a further argument into the already complex legal wrangle.

Bonn claims that the additional sum called for by Parliament, mainly for social measures, is not "extraordinary and unavoidable" expenditure, and therefore is not eligible for a supplementary budget under EEC rules.

But beyond this main argument, the Germans also believe that the Commission is in any case no longer able to disburse more than 140m further units of account for 1980.

The further question thus arises whether a supplementary budget exceeding 140m ua could be deemed legal, even if the objectors among the EEC states grudgingly agreed to pay more than 100m.

Bonn feels that if the problem finally goes to the European Court, as is considered likely, there could be at least four possible outcomes.

The court could declare the procedure used in the budget decision process to have been faulty, taking the matter back to Square One. It could support the Parliament's demand for 366m ua the Council's 100m, or the upper limit for disbursement of 140m.

Bonn does not intend to call on the court for a decision, and understands that France does not plan to do so either, so the ball appears to lie in the Commission's court.

So far West Germany, compared with France at least, has been adopting a low public profile in the dispute. But it shares the astonishment of the French Government that Mme Simone Weil, President of the European Parliament and a former French Cabinet Minister, should have formally decided to imple-

Continued on Back Page

Transatlantic routes for independent airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

New transatlantic air routes for UK independent airlines have been approved by Mr. John Nott, Secretary for Trade.

Laker Airways has been confirmed on the Manchester-New York and Gatwick-Tampa (Florida) routes; British *Caledonian gets the go-ahead* for Gatwick-San Juan (Puerto Rico); and British Midland can fly from Birmingham and *Belfast to New York.*

Precise starting dates for all these routes have yet to be announced, but they are expected to come into operation some time after April 1.

The routes had already been awarded to the independent airlines by the Civil Aviation Authority, but British Airways appealed to the Secretary for Trade against the decisions.

The independent sector has not got things all its own way. Laker Airways also sought rights on the route from Gatwick to Baltimore and Detroit, and from Prestwick to New York.

But Mr. Nott ruled against those routes. He argues that Baltimore is a special case, and that both Detroit and Prestwick-New York are "single destination" routes under the Anglo-American air agreement (which means they can be served only by one airline from each country).

Mr. Nott feels it would not be in the UK's interests at this stage to insist on a re-negotiation to make these routes "dual designation"—that is, capable of being served by two airlines from each country.

Another transatlantic route application by Laker, from both Manchester and Prestwick to Tampa (Florida), is to be re-heard by the Civil Aviation Authority on Mr. Nott's instruction.

The new routes confirmed by Mr. Nott are already covered by the provision of the Anglo-U.S. air agreement, and there should be no difficulty in getting reciprocal approvals from the U.S. Civil Aeronautics Board in the next few months.

Airports operating surplus. Page 5

Exporters dominate honours list

BY RICHARD EVANS, LOBBY EDITOR

MR. MAXWELL JOSEPH, chairman of Grand Metropolitan, and Sir Henry Benson, former partner of Coopers and Lybrand, are among senior businessmen and industrialists honoured in the New Year Honours' List published today.

Mr. Joseph, the driving force behind the growth of Grand Metropolitan becomes a knight in a list that again emphasises export achievements.

Sir Henry Benson is created a life peer. He is an advisor to the Governor of the Bank of England and chaired the Royal Commission on legal services which reported last year. He has been a link between the City, industry and the Government.

The other life peer in the list is Sir Michael Swann, former chairman of the BBC and now Provost of Oriel College, Oxford. He campaigned vigorously for alternative ways of raising revenue for the BBC, and attacked Government attempts last year to reduce funds for the overseas service.

Among the other knights are Mr. Thomas Gore Browne, senior Government broker since 1973 and a partner of Mullens and Co. since 1949. He has been the channel through which Government stock has been sold on the market.

Knighthoods, specifically for export services, are awarded to Mr. George Jefferson, former chairman and chief executive of the dynamics group of British Aerospace and now chairman of British Telecom; Mr. Patrick Meaney, managing director and chief executive of Thomas Tilling; and Mr. Philip Foreman, managing director of Short Brothers, the Northern Ireland aircraft manufacturers.

In all there are 18 awards for exporters, marginally less than in the Birthday Honours, but about average for recent lists.

Other knighthoods go to Mr. Ross Stainton, who will shortly retire as chairman of British Airways after a lifetime in the aircraft industry; Mr. Reginald Smith, chairman of George Wimpey, the construction company; and Mr. Robin Day, the television political commentator.

There will be no by-elections caused by the list, although a number of MPs feature prominently. Mr. James Scott-Hopkins, now leader of the European Democrats (Conservatives), in the European Parliament; Mr. John Anthony Kershaw, Conservative MP for Stroud, and Mr. Julian Ridsdale, Conservative MP for Harwich, all become knights. So does Mr. Trevor Jones, the Liverpool Liberal who led his *party's revival* on Merseyside.

One of the new Privy Counsellors is Mr. Nigel Lawson, *financial secretary to* the Treasury and one of the most vocal monetarists in the Government. The other is Lord Denham, Government chief whip in the Lords.

The CBE is awarded to Mr. David Andrews, executive vice-chairman of BL, and Mr. Patrick Custis, group finance director of Guest, Keen and Nettlefolds, for services to export, and to Mr. John Coates, consultant to the CBI, and Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association and former chairman of the TUC.

The arts are well represented

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Details, Page 11

£ jumps 2.5 cents as $ weakens

By Peter Riddell, Economics Correspondent

STERLING rose sharply yesterday against the dollar, reaching $2.40 at one stage, and closing at its highest level for six weks.

Trading was, however, reported to be generally thin although there were reports of Saudi Arabian buying as well as the usual end-of-year closing of books.

The strength of sterling in part reflected the weakness of the dollar, which slipped back in response to the decline in

STERLING'S PERFORMANCE

Against	Percentage change since end of 1979
Dollar	+ 7.5
D-mark	+21.5
French franc	+20.8
Swiss franc	+18.4
Japanese yen	+ 9.7
Trade-weighted index	+12.0

U.S. interest rates. However, some domestic U.S. rates did rise towards the close yesterday.

The pound was particularly strong during the afternoon, rising more than 3 cents to $2.40 before closing 2.55 cents up at $2.3915. This represents a rise of roughly 6 cents since the low point of mid-December.

Sterling was also generally firm against the main Continental currencies. The trade-weighted index, measuring the average value of the pound against a basket of other currencies, rose 0.7 points to 78.6, for an appreciation of nearly 12 per cent during 1980.

The pound has been particularly strong over the last year against the currencies in the European Monetary System, such as the Deutsch-mark, in part *reflecting* the contrasting performances on the current account of the balance of payments.

During 1980, sterling rose by 21½ per cent against the DM compared with a 7½ per cent rise against the dollar. The result has been that the profit margins of British exporters to the EEC have come under increasing pressure.

The dollar fell back against most other currencies, but was particularly weak against the Japanese yen, closing at Y203, after a low of Y201.80 compared with a previous London close of Y206.60. The U.S. currency slipped to DM 1.95¼, compared with DM 1.95¾ on Tuesday evening.

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NEW YEAR MESSAGE FROM THE CHANCELLOR . . .

Signs of success in the battle to beat inflation

1980 has been a difficult year for much of industry — faced with the effects of world recession, high interest rates and a currency strengthened by our new status as oil producers.

It has been hard too for the growing number of people who have lost their jobs.

Although very serious problems undoubtedly remain, I believe that 1981 should see British industry more than holding its own in a difficult world.

We have already seen some very positive progress in the past 12 months. The primary aim of the Government's economic policy is to defeat inflation. There can *be no* doubt that that priority is right. And there are now clear signs of success. The rate of inflation has been falling continuously since it peaked last May. Prices have risen by less than one per cent in each of the last seven months and some forecasters expect a single-figure annual rate before the end of 1981. Meanwhile, wage expectations are becoming much more realistic, and settlements so far are bearing this out. Industrial disputes are fewer than at any time in the last 30 years, and real efforts are being made to improve productivity and control costs.

British Economy and East-West relations in 1981, Page 13
Prospects for 1981, Pages 10 & 11

If we are to sustain these improvements, we shall need to secure a progressive reduction in monetary growth over a period of time. This will require continuing firm restraint in *public sector spending and borrowing.* The framework within which this can be carried through was provided in the *Government's medium-term financial strategy,* published at the time of my Budget in March. We shall not neglect the importance of maintaining the thrust of that strategy.

Monetary growth has, of course, been high this past year—only partly because of the distortions which followed the removal of the "corset" restrictions on banks' balance sheets. It is likely to slow down in the New Year, with borrowing by the public sector and by companies falling back. And we shall be pressing ahead with the measures to improve monetary control which I announced at the end of November. The revenue increases which I foreshadowed at that time underline the Government's determination to control the public sector borrowing requirement next year and so make possible some further lowering of interest rates. The burden of adjustment at present falling on industry must be eased as far as possible. That is the purpose, for example, of the new arrangements for stock relief, which will be implemented in the Budget.

People are naturally impatient for further action by Government to ease the path ahead. So far as we can take action—for example by constructive changes in the tax system by further reductions in administrative burden by improving opportunities for private capital and new business—we shall. But it would be foolish to assume that there is any general relief that Government can bring.

The best service which we can make is to maintain our commitment to fiscal prudence—and so to the fight against inflation. And that we shall do.

I believe we may now be drawing close to the low point of the recession. Once domestic inflationary pressures have been contained, economic growth can be resumed and sustained.

But we should not pretend this will be easy. UK businesses will remain under intense pressure to reduce their costs if they are to compete *effectively.* This makes it all the more important that everyone working in industry should be ready to face up to the difficult changes still needed. It is absolutely vital that realistic attitudes to pay and productivity should continue to spread.

So too, must a tough-minded and critical approach to management attitudes that are out of date.

Only if we face up to change will we be able to maintain living standards and in the long run to reduce unemployment.

1981 will not be an easy year. We shall all need determination to stick to our objectives. I am encouraged to believe that the necessary understanding and will is spreading.

£ in New York

—	Dec. 29	previous
Spot	$2.3665-3685	$2.3760-3810
1 month	0.95-1.15pm	1.20-1.40 pm
3 months	2.00-2.25pm	1.80-2.10 pm
12 months	2.20-2.70pm	2.00-2.50 pm

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EUROPEAN NEWS

Terrorism is down but not out in Italy

BY JAMES BUXTON IN ROME

THE ITALIAN Government and its anti-terrorist forces can revel for the moment in the success of Monday's dramatic commando operation against terrorists holding 18 hostages inside the Trani top security prison. The first action by specially formed groups of the Carabinieri and the police, using some methods and equipment of the British SAS represents a heavy blow to the resurgence of the left-wing Red Brigades.

However, the Red Brigades still hold Sig. Giovanni D'Urso, the magistrate who allocated terrorists among Italy's maximum security jails. He was seized nearly three weeks ago, and his captors can claim a propaganda success in that the Government has speeded up what it claims was the long-planned closure of the primitive and oppressive Asinara top security prison — the kidnappers' original demand.

Nevertheless, the Government's propaganda victory in quelling the 24-hour revolt at Trani, must outweigh that of the Red Brigades. It comes at the end of a year in which the security forces have scored unprecedented successes against left-wing terrorism.

Following February's arrest and subsequent confession of a leading Red Brigade operation chief there have been waves of arrests of suspected terrorists, some of whom have provided extensive information about the terrorist network.

As a result the Prima Linea group has been gravely weakened and Revolutionary Action and the 28 March Brigade have been effectively destroyed.

About 1,500 presumed terrorists of left and right have been arrested this year. Terrorist operations have diminished from 2,200 in 1979 to 1,200, and terrorism is in retreat from its high point in 1978. But it has become more lethal, claiming 114 lives in 1980 against 22 last year.

The Red Brigades, the biggest terrorist network, have suffered repeated arrests and

> ‘This notable success has raised the spirits of the democratic state and given security to all law-abiding citizens threatened by terrorism’
> —*Corriere della Sera*

attacks by the security forces, and from June until mid-November launched no operation. But then came three murders, followed on December 12 by the kidnapping of Sig. D'Urso.

His capture, and the terrorist operation at Trani, have been aimed at undermining the Government's weapons against terrorism. The Trani terrorists demanded the closure of all top security prisons including Asinara, special conditions for jailed terrorists and the ending of the authorities' right to detain terrorists almost indefinitely without trial.

Sig. D'Urso's kidnappers, having virtually achieved their aim over Asinara, have now predictably set new conditions for his release similar to those advanced at Trani. They had also threatened earlier to take his life if the security forces moved against the terrorists at Trani.

Yet there have been indications that the Red Brigades are deeply divided between those favouring murder as an end in itself and those favouring hostage-taking and negotiation for specific conditions.

The overwhelming success of the special forces at Trani has come as a welcome relief to an administration beleaguered both by the aftermath of the earthquake and the oil tax scandal which led a senior Minister to quit.

But while this year's arrests have dealt with most of the perpetrators of past terrorism the security forces have only rarely anticipated or prevented further operations. The fact that the terrorists in Trani could stage their revolt and communicate with colleagues outside casts doubt on the effectiveness of incarceration. Also, the very division within the Red Brigades and their fragmented structure can be a source of strength to them, making left-wing terrorism a hydra-headed phenomenon. Nor have the authorities defeated right-wing terrorism—the perpetrators of the Bologna outrage have yet to be all captured.

The widespread sympathy for left-wing terrorists among many young people, some lawyers and even within parts of the administration does not seem to have diminished greatly either. For terrorism is a crude form of protest against a society and a governmental system that is demonstrably corrupt and inefficient, against politicians who rarely have time from their internal squabbles to address the country's long-term problems, and against the still lingering possibility of what many on the Left would regard as the greatest betrayal of all —the entry of the Communist party into government in association with the long-ruling Christian Democrats.

If left-wing terrorism were defeated on the ground, there might still have to be some outlet for these wider frustrations.

Inflation rise puts pressure on Bundesbank

BY STEWART FLEMING IN FRANKFURT

SIGNS OF an acceleration in the rate of West German inflation in the past two months may make it more difficult for the Bundesbank to ease its monetary policy, Dr. Helmut Geiger, president of the German Savings Bank Association, warned yesterday.

While the central bank needs to maintain relatively high interest rates to promote economic stability, this policy puts further burdens on a weakening economy.

The inflation rate has accelerated in December for the second month running, thus apparently reversing a trend which set in during the middle of the year as economic activity slowed. Preliminary figures indicate that the cost of living rose by 0.6 per cent in December over the average November level, bringing the year-on-year rate of inflation back to the 5.5 per cent level. In November, the figure was 5.3 per cent against October's 5.1 and 6 per cent in May and June.

Most economic forecasts assume inflation will fall next year, perhaps to 4 per cent. However, they may be over-optimistic about the outlook for a D-mark recovery on the foreign exchanges, and risk under estimating the impact of imported inflation on domestic prices.

The Bundesbank, meanwhile, is sticking to its policy of holding its administered interest rates — the Lombard and discount—at relatively high levels, while trying to maintain adequate liquidity in the banking system.

Yesterday, it announced a new round of repurchase agreements with the banks, through which it will inject temporary liquidity into the system, apparently with the objective of keeping money market interest rates at around the 9 per cent that has prevailed for much of the latter part of the year.

The central bank, however, may have to pay closer attention to controlling monetary growth. Bank lending has been growing strongly in spite of the weakening of the economy but this has not been showing up in the money-supply figures because of capital exports. Recent moves to restrict capital exports to prop up the D-mark could be one factor behind recent signs of some acceleration in money supply.

Meanwhile, gloomier predictions about the economy next year, including growing fears that the upturn in activity in the second half may be delayed, will add the domestic pressure on the central bank to relax the monetary reins. The Bundesbank has made clear that, hitherto, external considerations have been the main factor preventing it from continuing its monetary policy, relaxation which began in July but was halted in October when the D-mark came under pressure.

Basque nationalist murdered in France

By David White in Paris

The killing of a suspected Basque terrorist living in France threatens to aggravate the tension which has built up in the past month between Paris and Madrid over the handling of the Basque problem.

Sr. Jose Martin Sagardia Zaldua, alleged to have been a leader of the military wing of ETA, the Basque separatist organisation, was blown up in his car in Biarritz yesterday.

Like other known Spanish Basque nationalists, he had been taken away from the border region and placed under surveillance by the French authorities several times since he arrived in 1974. Last year, in a gesture towards Spain's democratic regime, France stopped granting refugee status to Basque political exiles.

Between December 1978 and last October, four other Spanish Basque activists were assassinated in France. The killings are widely alleged to have been the work of off-duty Spanish policemen.

A diplomatic row was sparked off between France and Spain at the end of November a machine-gun attack in a French border town in which two people, apparently unconnected with ETA, were killed and 10 were injured.

The French Foreign Ministry protested when, shortly after, three men who broke through the French side of the frontier were set free by Spanish border officials.

It protested again when Sr. Juan Jose Roson, Spain's Interior Minister, said the men belonged to a network of intelligence agents operating on Spain's behalf in the French Basque country.

Spain has long been seeking stronger French support in the fight against armed Basque separatism. But the French authorities clearly are anxious not to spark off a violent reaction on their own territory, as happened last year when they handed over a group of suspects at the border.

Talks between the two countries' Foreign Ministers in Paris last month apparently made little progress and the French Government since has warned Madrid against using French territory to try to resolve what France holds to be an internal Spanish problem.

Netherlands doctors join N-debate

By Charles Batchelor in Amsterdam

DUTCH DOCTORS yesterday joined the growing debate on nuclear weapons with a full-page advertisement in several newspapers warning of the danger of nuclear war.

It was signed by 800 doctors and other members of the medical profession and took the form of an open letter to the Government and Parliament.

They warned that, if a 20-megaton nuclear bomb were dropped on Rotterdam, medical facilities would be totally inadequate. Tens of thousands would suffer from burns alone, whereas burns units in the Netherlands can handle only 100 patients at a time.

The nuclear debate in the Netherlands has been intensifying ahead of May's general election and the decision, due by the end of 1981, on whether the Dutch will accept NATO's new nuclear missiles on their territory.

- Dutch businessmen are likely to reduce investment even further next year, according to a survey of 58,000 companies by the Association of Chambers of Commerce.

Declining domestic demand is the main reason for the poor performance of Dutch trade and industry, the survey concluded and among 44 per cent of larger companies and 40 per cent of small companies, profits fell or losses increased.

Moscow talks on Polish economy

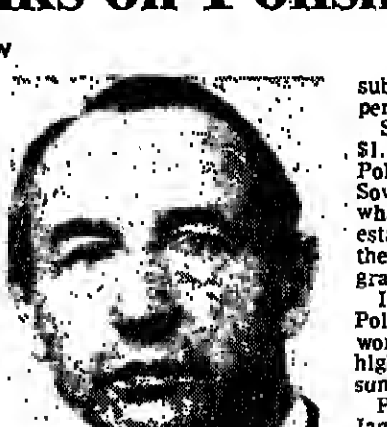
BY DAVID SATTER IN MOSCOW

THE POLISH Deputy Prime Minister, Mr. Mieczyslaw Jagielski, yesterday concluded two days of talks here which were believed to have concerned Poland's future economic role in the Socialist bloc.

Although no agreement was signed, the two sides reviewed possibilities for economic co-ordination between Poland and the Soviet Union next year and for the following five years.

It is now expected that the Soviet authorities will try to press the Poles to reorientate their economy increasingly toward the Soviet bloc while continuing to provide enough help for the country to avoid an immediate economic crisis.

Poland conducts only a third of its overall trade with the Soviet Union, against 50 per cent with the West. Although Moscow has been ready to increase oil supplies at concessionary rates and to lend enough hard currency to repay pressing debts, they are said to be unwilling to subsidise Polish economic dependence on the West.



Mr. Jagielski: second visit in five weeks.

Shortly after agreeing to a $1.1bn hard currency loan to Poland early this month, the Soviet Union warned against what it called U.S. plans to establish "actual control" over the Polish economy through the granting of credits.

In addition to that loan, Poland is to receive $200m worth of goods, including wheat, high quality cotton, cellulose, sunflower oil and rice.

Polish officials said Mr. Jagielski, who was making his second visit to Moscow in five weeks, yesterday met Mr. Leonid Kostandov, a Deputy Prime Minister, and Mr. Nikolai Baibakov, the chief Soviet economic planner.

Shortly after his arrival on Monday, Mr. Jagielski also held talks with Mr. Ivan Arkhipov, the newly-appointed First Deputy Prime Minister.

Court defers farm union ruling

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S High Court yesterday postponed a decision on the right of the country's private farmers to form a trade union. The issue threatens to cause tension between Poland's 3.5m private farmers and the authorities at a time when increased food production is vital to economic recovery.

The High Court met yesterday to decide whether to uphold a decision by a lower court rejecting a registration application from Rural Solidarity, a farmers' trade union which claims 600,000 members. The Warsaw District Court argued that private farmers are self-employed and therefore cannot form a union. Lawyers for Rural Solidarity yesterday presented international labour law documents, usually honoured in Poland, which said that private farmers did have such a right.

The adjournment, which was to give the High Court time to consider the documents, will also give the authorities a breathing space to reconsider their opposition to the idea of a farmers' union. The point at issue is the degree of independence which organisations representing farmers are to enjoy.

The authorities say that farmers can form an association but this would give the Government the formal right to oversee its activities. A farmers' trade union would be independent of state control.

Several hundred farmers demonstrated outside the High Court yesterday and Mr. Zdzislaw Ostatek, head of Rural Solidarity, later described the court's decision as a success.

EEC poised for crisis over budget

BY GILES MERRITT IN BRUSSELS

"WHEN DOES the EEC budget row become a Common Market crisis?" runs one Brussels joke this week, and the answer is "not until after the holidays."

It is not such a silly answer either, for the fortnight spanning the Christmas and New Year holidays has done much to brake the momentum of the constitutional clash in which the French, West German, Belgian and Danish governments seem determined to provoke a legal showdown over the powers of the directly-elected European Parliament.

If anything, that joke answer could turn out to be somewhat optimistic. Such is the complexity of the EEC's latest budget wrangle it could be a matter of weeks if not months before the battle lines are fully drawn.

The nub of the threatening new crisis is, of course, that these four EEC member governments have now made it plain that they are challenging the legality of the supplementary 1980 budget and the full 1981 budget because they consider that Parliament took advantage of a procedural ruse to increase its own budgetary powers.

The likelihood, therefore, is that in January, or possibly February, the European Commission will have no option but to take the four defaulting governments before the European Court of Justice so that the matter can be decided by the Community's supreme legal authority.

If EEC crises are by their very nature less than clear-cut, this present difference of opinion risks setting new standards of murkiness. The legal grounds on which the case will be argued are already muddy, the political motives of some member states for demanding confrontation are far from transparent, and the behaviour of the new Commission that takes over next week is a matter for speculation.

> The Commission may have no option but to take the four defaulting governments to the European Court.

The most important factor, though, is clearly the legal argument due to be submitted to the Luxembourg Court. In their pleadings that "procedural irregularities" invalidate the budgets adopted by Parliament, the defaulting EEC states are expected to stress that the 366m units of account (£230m) supplementary 1980 budget voted through money that will not be spent in 1980.

The argument is that although the supplementary budget was originally designed to funnel Community funds for relief of Italy's earthquake disaster, the MEP's tacking on of social and regional spending that will run over into 1981 means Parliament exceeded its powers.

The flaw in that argument is that before the December 22 Budget Council that brought the row to a head, EEC Budget Ministers in fact had proposed a financial compromise to Parliament that itself would have involved notionally 1980 funds spilling into 1981 spending. And with the Court due to assess the circumstances that led up to the current impasse as well as the legal arguments, that may prove to be a telling point.

The timetable for the looming budget crisis is also far from certain. For, until January 2, there will be no grounds for court action to be started. On that date member-states are due to pay the supplementary 1980 budget contributions, while payment of the first monthly instalment of the 1981 budget is not due until during February. The new Commission could decide to take action against the defaulters after its mid-January meeting. It could also wait until the following month, by which point Parliament doubtless would be demanding full implementation of the budget.

The Commission's course of action will do much to determine the importance of the crisis, even if its room for manoeuvre at times is more limited than it would wish. If Mr. Christopher Tugendhat, the British Commissioner who is responsible for the budget, had bowed to French pressure earlier this month to declare Parliament's actions illegal, the crisis might have been avoided but the issue would have remained worryingly undecided. In the event, he said that the procedure was not self-evidently illegal.

There remains an outside chance, though, that it may never come to the Court. For Brussels is uneasily aware that a decision upholding Parliament could precipitate an even more serious stand-off in which France, with its forthcoming presidential elections, might defy the Court too.

As one senior Commission official put it yesterday: "In the Community, there is always a host of things that could provide the basis of a political settlement."

Portugal public transport fares up by 20-35%

By Diana Smith in Lisbon

The Portuguese Government has announced increases of between 20 and 35 per cent in public transport fares — less than a fortnight after raising the price of petrol and diesel oil. The increases bode ill for Portugal's rate of inflation, which fell to 18 per cent this year, compared with 24 per cent in 1979.

For the first time in six years, real wages showed a slight improvement in 1980, but the mounting pressure of imported oil costs and the effect of a long drought on prices of foodstuffs are expected to cancel this out next year.

On January 1, flat fares on the Lisbon underground and buses will rise to Esc. 12.50 (10p) and Esc. 20 (16.5p)

Reuter adds: Economic conditions have recently been created for a drop of up to 4 per cent in Portugal's bank rate — at present 18 per cent —Sr. Joao Salgueiro, chairman of the State-owned Banco do Fomento Nacional, said yesterday.

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AMERICAN NEWS

Brazil tightens controls on state finances

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN Government has tightened controls on the financial administration of ministries, state corporations and agencies dependent on the Treasury budget, fixed at Crs.1.88 trillion (£12.8bn) for 1981.

The controls are intended to close loopholes which in 1980 contributed to a sharp expansion of the money supply and led to overseas expenditure by state bodies frequently going unrecorded.

These bodies will now receive their funds in monthly instalments, with no one instalment being allowed to exceed the previous one by more than 10 per cent.

This measure is aimed at creating a more even flow of funds and avoiding the build-up of large deposits in the banking system.

Until now budgeted resources have been deposited at the beginning of the year in the Bank of Brazil, and Government bodies have been able to draw on funds at their discretion.

Some had over-budgeted to forestall the effects of spending cuts, and were thus able to leave large sums untouched for long periods, inflating the money supply, which in Brazil is defined as currency in circulation and deposits in the commercial banks and the Bank of Brazil.

Other state bodies overspent in the early part of the year and were forced to ask for extra credits later on.

Bank deposits by state bodies which remain untouched for more than six months will in future be returned to the government organ responsible for administering their financial operations. In most cases this is the Planning Ministry, controlled by Prof. Antonio Delfim Neto.

Prof. Delfim Netto

Overseas transactions by official bodies involving an outflow of resources will from now on have to be registered in the Treasury accounts. This is a further step to control foreign transactions by the State sector, following moves at the beginning of 1980 to limit their overseas borrowing.

The State sector will also be expected to refrain from asking for additional credits during the course of the year, except for staff pay increases.

Additional funds to cover deficits in current or capital accounts will not be granted, the bodies have been told.

Space shuttle ready for final tests

By Paul Reali in Washington

THE U.S. space shutt Columbia, centrepiece America's space programm was this week transport and mounted on its mob launch platform for fi testing before its lo delayed maiden voyage d next March.

The National Aeronautics a Space Administration (NAS also revealed the names the two astronauts who w fly the Columbia — na commander John Young a co-pilot Robert Crippen. C Young is a veteran of t last U.S. manned space fli in July 1975, when U.S. a Soviet craft joined up in t Apollo-Soyuz mission.

The Columbia, a hybrid spa ship-aircraft, is now pois vertically on the launch p at Cape Canaveral, Flori which served the Apol programme.

The space shuttle programm has been beset by a host problems — disputes ov design, budgetary constrain and technical difficulties i volving its heat protecti system and its reusab liquid propellant (rocke engines.

Space telescope

The programme will be used launch the next generati of military surveillan civilian communication a scientific satellites into spac

One of its missions will also to place into orbit the Spa Telescope, which will fo on innumerable celesti features, now invisible fro earth. "We are now at t threshold of a new capabili to investigate the universe according to Mr. Robe Frosch, NASA's chief admi istrator.

NASA officials now believe th the worst problems of t space shuttle have been ove come. Assuming no furth hitches, Columbia's Marc 1981 launch date will be thre years later than original scheduled.

Congress first appropriate $5.1bn for the shuttle pr gramme in 1972. This h already climbed to an es mated $8.5bn and an add tional $500m is probab necessary for completion. B comparison, the Apollo moo programme cost slightly ove $20bn.

U.S. mutual funds show new signs of strength

BY DAVID LASCELLES IN NEW YORK

THE U.S. mutual fund industry, which spent most of the 1970s languishing after the heyday of the 1960s, appears to be on the rebound.

According to a year-end report by the Investment Company Institute, the trade group of the mutual fund industry, the number of mutual fund investors rose to a record 11m this year, and total fund assets were up 45 per cent to $138bn. The institute says this means the industry is now twice the size it was two years ago.

Much of this spectacular growth was due to money market funds, the relatively new and highly popular channel for investment in high-yielding short-term money market instruments like treasury bills and certificates of deposit. Total assets in these funds rose from $45.2bn to $76bn this year.

However, the Institute points out that even leaving aside this phenomenon, there is strong evidence of a comeback in mutual funds.

Common stock funds had sales of $5.5bn this year, more than double the average for the 1970s, and the biggest since 1969. For the first time in nine years there were also more sales than redemptions.

The institute attributes this to the impressive performance of these funds and calculates that an investor who put money in them at the beginning of this year would have made a capital gain of 31 per cent on average.

The most popular funds were the high growth funds, whose assets were up 47 per cent. Growth and income funds were up 24 per cent.

Commenting on the figures, Mr. David Silver, the president of the Investment Company Institute, said: "The mutual fund industry has reached a new level of maturity this year."

Vesco asks Bahamas for asylum

By Nicki Kelly in Nassau

THE FUGITIVE U.S. financier, Mr. Robert Vesco, who has been living in the Bahamas since 1978, has applied to the Nassau Government for political asylum, after being told to leave the country by December 11.

He was granted a brief extension, and has now asked for asylum, claiming that U.S. Government agencies and officials, "along with powerful political figures," want him returned to the U.S. to force him to testify publicly about former President Nixon and other high-ranking U.S. officials involved in the Watergate scandal.

Mr. Vesco alleges that he has been continuously persecuted on fabricated charges and that, if returned, he would be tried for political crimes and offences and punished for his political opinions.

Mexico raises wages

By William Chislett in Mexico City

THE MEXICAN Government has increased the minimum daily wage for workers. From tomorrow workers in the countryside will receive an average rise of 33.3 per cent and, in urban areas, 30 per cent.

The figures indicate that the Government is expecting inflation in 1981 to be slightly higher than this year, when the inflation rate has been about 28 per cent.

The number of distinct categories which fall into the minimum wage bracket has been reduced from 28 to eight and the trend of reducing the difference between urban and rural workers continued in order to encourage less migration from the countryside to cities.

The increase means that the minimum daily wage in 1981 ranges from 135 pesos (£2.40) to 210 pesos (£3.80).

U.S. hits at Japan arms spending

WASHINGTON—U.S. militar officials strongly criticise Japan's newly announce defence spending plans ye terday as falling "seriousl short."

Although the Japanese Gover ment officially projects spen ing increases of 7.6 per cent U.S. defence officials said thi would amount to real growt of about one-third of 1 pe cent after accounting fo inflation.

"Given the fact that Japa already spends relativel little on defence, the increas contemplated in the Decembe 29 budget proposal is s modest that it conveys a com placency which simply is no justified by the facts," sai a Defence Department spokes man.

The U.S. has been urging it allies to boost military spend ing by at least 3 per cent i real terms. President Jimmy Carter has set the U.S. in crease at about 4.5 per cent a year.

The Japanese budget "fall seriously short, whethe measured by the security situ ation, by the discussions held between senior officials of ou two governments over the las year, or by considerations of equitable burden-sharing," the U.S. military official said.

On December 18, Mr. Harold Brown, the Defence Secretary, voiced "severe disappoint ment" with the West German Government for projecting only a 2.2 per cent real increase in defence spending for next year.

AP

British Columbia to challenge Federal Government's gas tax

BY VICTOR MACKIE IN OTTAWA

THE LEGALITY of a Federal excise tax on natural gas and natural gas by-products will be challenged in the courts by British Columbia before February 1, Mr. Bob McClelland, its Energy Minister, announced yesterday.

He also dismissed the Federal Government's decision to charge the British Columbia Government double figure interest on any tax which it collects from the producers for Ottawa but which it does not remit.

Mr. McClelland said the Federal Government does not have the jurisdiction to implement the tax, which was announced in the October 28 budget in Ottawa.

"How can a Government make such a threat, when it doesn't have the power to collect the money in the first place?" he asked.

The B.C. Government announced before Christmas that it has instructed B.C. Hydro, whose natural gas division sells natural gas for home and industrial use, and B.C. Petroleum Corporation, the sole marketing agency for natural gas produced in the province, not to remit to Ottawa the tax of 30 cents per 1,000 cubic feet.

Both are provincial Crown Corporations. British Columbia argues that Ottawa is barred from taxing the companies under section 125 of the British North America Act.

Ottawa has acknowledged the right of the province to challenge the tax in court. However, it says B.C. does not have the right to withhold payment pending the court decision.

Mr. Bill Bennett, British Columbia's Premier, yesterday shrugged off Federal warnings that he was setting a "dangerous precedent" and re-iterated his Government's intention to withhold the tax of about C$158m over the next three years.

ZAIRE'S ECONOMIC PROSPECTS

Waning hope for long-term rescue

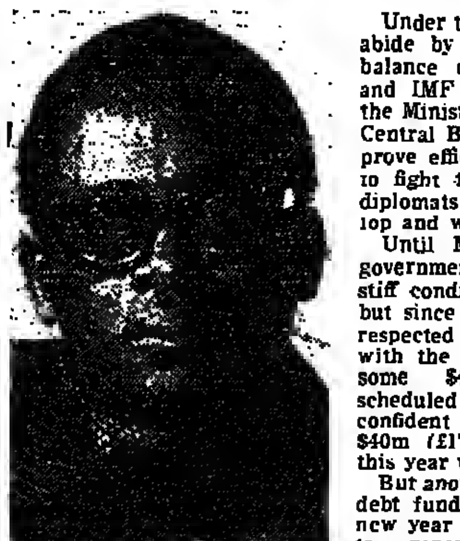
BY SUSAN MORGAN AND MARK WEBSTER

THE WEST'S repeated efforts to put some order into Zaire's chaotic economy are beginning to show results, according to diplomats in Kinshasa. "But it is far too early to be optimistic about any lasting recovery," a British banker added. "We have been hopeful in the past and the mess has not got any better."

Zaire's total foreign debt now exceeds $4.8bn (£2bn). Falling revenues from its main exports, copper, cobalt and coffee, have pushed the debt servicing ratio to around 29 per cent this year, forcing the sprawling central African republic to look for further Government-to-Government debt-rescheduling next year.

Zaire was offered generous terms by the commercial banks when their $434m (£183m) worth of debt was renegotiated in April this year. The banks, faced with the consistent failure of Zaire to honour its repayments schedule, have agreed that Zaire will be exempt from repayments on principal for five years. Zaire repaid $58m (£25m) in April to cover all its arrears on interest and 10 per cent of its arrears on principal.

But Government-to-Government debt is proving more intractable. Although payments have been made on time since March this year, there is considerable opposition within the Government, especially from President Mobutu Sese Seko, to the stringent conditions which have been attached to Western economic help.



President Mobutu: dislike of IMF stringency.

The International Monetary Fund has been acting as the West's watchdog for an economic recovery programme. A team from the fund is expected in Kinshasa to assess Zaire's performance since it was granted an 18-month stand-by of $150m (£63m) in August 1979.

Under the terms, Zaire had to abide by strict budgetary and balance of payments controls and IMF teams were put into the Ministry of Finance and the Central Bank, ostensibly to improve efficiency but also to try to fight the corruption which, diplomats say, starts from the top and works down.

Until March this year, the government failed to meet the stiff conditions of the stand-by but since then the country has respected its understanding with the fund and has repaid some $430m (£182m) of scheduled debt. Observers are confident that the remaining $40m (£17m) which falls due this year will be paid on time.

But another crunch in foreign debt funding will come in the new year when Zaire will have to repay $759m (£321m) ($100m [£42m] in January alone). A meeting of the Paris Club of creditor Governments has been fixed for February. A Central Bank official said: "Zaire intends to seek a further rescheduling of its debt by requesting a fourth meeting of the Paris Club."

The prospect of a further rescheduling is unlikely to make the IMF well disposed towards Zaire's request for a $1bn (£423m) extended fund facility over three years which should have come into force from March 1981. The continued deterioration of the economy, President Mobutu's unwillingness to comply with stricter conditions and Zaire's poor record for compliance with previous agreements, make long-term rescue attempts look increasingly hopeless.

But Zaire can continue to count on its political weight as the mineral-rich giant of central Africa and, at least in name, an ardent ally of the West. The U.S. has expressed its desire to continue support for the Government of President Mobutu, despite his reputation as a heavy-handed dictator with little regard for human rights.

But Western countries are noticeably cooler towards the idea of a substantial medium-term investment plan than they were at the time of the second invasion of the copper-mining province of Shaba in 1978. The scheme would have involved billions of dollars in order to repair the country's infrastructure and to get industry functioning at full capacity instead of its present 30 per cent.

Zaire's attitude is that the West is starting to strangle any hopes of recovery by insisting on a tight debt repayment schedule. "The external debt burden prevents any possibility of economic take-off," one senior official said.

Abdou Diouf: call for team effort.

Senghor of Senegal steps down

By Susan Morgan recently in Dakar

PRESIDENT Leopold Sedar Senghor, 74, of Senegal steps down today after 20 years in office and is replaced by Mr. Abdou Diouf, who has been his Prime Minister for the past 10 years.

It was essentially Senghor's international stature as intellectual and world-renowned poet that put his poor and arid country on the map. Now by retiring to smooth the succession and in going against current African trends by recently setting up a functioning multi party democracy, Senghor has displayed an independence and foresight rare in the continent.

Rumours abounding

The Senegalese leader's retirement comes as no surprise. Rumours had abounded in Dakar in recent months that he would step down. But what did surprise Senegalese, and upset the opposition, was the manner of his leaving. It was announced first at the beginning of December to the French newspaper, Le Monde, rather than to Senegal.

Despite jockeying for position among opposition groups, the transfer of power is likely to go smoothly. The real battle is expected to take place within the ruling Socialist Party for the division of spoils that will be announced when the Cabinet is elected.

Nevertheless, as Abdou Diouf, who is 45, admitted last week, things will not be easy. The country is facing an economic crisis brought about by a drought more acute than at any time since independence. The groundnut crop, mainstay of the the economy, is estimated at only 280,000 tons for export which, experts say, is catastrophic.

Belt-tightening

Diouf has promised to continue with the five-year stabilisation plan launched last January, and sponsored by the International Monetary Fund. The belt-tightening is not popular among Senegalese.

The new President admits disarmingly that he cannot replace Senghor and says only a team can do that. Much will depend on his choice of Cabinet. He must balance the important Muslem groups and reconcile regional and ethnic interests.

Diouf himself says he places competence above other qualities but in any case an unholy power struggle between the old barons and young Turks of the Socialist Party is expected in the post-Senghor era.

In the shadow

Although he has proven himself as a highly able and honest administrator and technocrat, Diouf's political abilities are still unknown as he has remained in Senghor's shadow for 10 years. Nevertheless his very survival points to underestimated political astuteness.

Diouf's qualities of leadership are likely to be put to a rude test if the rains fail again next year as they have done so disastrously for the past few years.

Kabul riot by angry policemen

NEW DELHI — Diplomats in the Indian capital confirmed yesterday that about 40 Afghan policemen had rioted in the streets of Kabul on Monday, stoning the Ministry of Information and a Soviet bookshop.

The policemen, who beat up their commanding officer, were said to have been protesting against an extension of their two-year tours of duty.

Private vehicles and other buildings were also stoned by the policemen before they were arrested by Afghan riot police and Soviet troops.

Other informants in Delhi said the rioting broke out in two areas of central Kabul. They said the uniformed men ran through the streets of the Afghan capital throwing stones at windows and cars.

Some reports said a number of Afghan soldiers were involved and shooting was heard but there was only one report, not confirmed, that one of the rioters had been wounded.

Shops closed quickly after the rioting broke out during the morning and people streamed out of the area near the river that divides the old part of Kabul from the central district.

Armoured vehicles were moved to river bridges and guards at Ministries were reinforced. Traffic was blocked by soldiers near the People's Palace where President Babrak Karmal has his office. Soviet helicopters made low runs over the city.

Reuter

Court order holds up Israel's takeover of West Bank company

BY DAVID LENNON IN TEL AVIV

THE Israeli Government's plan to take over the largest Palestinian economic enterprise in the occupied territories tomorrow has been blocked by a temporary injunction granted to the company by the High Court in Jerusalem.

The Government wants to make a forced purchase of the Arab-owned Jerusalem District Electric Corporation which supplies energy to East Jerusalem and 60 villages nearby. The aim is to consolidate Israeli control over the city and the West Bank of the Jordan.

When Israel captured the West Bank in 1967, it judged it politically advisable to permit the company to continue to exercise the concession first granted in 1914 by the Turkish rulers of Palestine.

Since occupying the territory, Israel has built Jewish suburbs, settlements and army bases, within the concession area and the Jewish settlers and the army have complained about being dependent upon Palestinians for their power supplies.

The Energy Ministry announced the take-over decision a year ago, claiming that the company was inefficient. This was denied in court yesterday by the company, which accused the Government of deliberately preventing it from buying new equipment to modernise the power plant.

Mr. Modai: critic of inefficiency.

The High Court forbade the Government to make the forced purchase until the bench issued its ruling. The court gave no indication when its judgment would be delivered.

The temporary injunction was welcomed by the company's 400 employees and by its chairman, Mr. Anwar Nusseibeh, who has fought for a year to prevent the takeover.

Last month Mr. Nusseibeh, a former Jordanian Defence Minister and ambassador in London, said he believed a compromise had been worked out after six months of negotiations. But the talks broke down over Israeli demands that the company give up large slices of its concession area.

Mr. Yitzhak Modai, the Energy Minister, was quoted on Israel Radio yesterday, as saying the company was not only small and inefficient, but was also a tool of Jordan and the Palestine Liberation Organisation.

Officials in his Ministry made clear privately that though economic efficiency was given as the official reason for taking over the concession, the real reason was to strengthen the Israeli hold over the West Bank.

INDONESIA'S DECISION ON OIL

Premiums cut as the prices rise

BY RICHARD COWPER IN JAKARTA

INDONESIA'S decision—confirmed yesterday—to increase its oil prices marks the fourth rise by Jakarta in the past 12 months. It makes Indonesia the second member country of the Organisation of Petroleum Exporting Countries to raise prices since the organisation agreed on higher prices at its meeting in Bali earlier this month.

Currently the world's ninth largest exporter of crude, Indonesia has raised its official prices by between $3.50 and $3.80 a barrel depending on quality. The increase, effective from tomorrow, means that the official price of its Minas marker crude goes up by just over 11 per cent to $35 a barrel.

At the same time Indonesia has reduced the premiums it has been charging over and above the official price on a proportion of the oil marketed by Pertamina, the State oil concern, to Japan and the U.S. The overall effect will be to push Indonesian oil prices up by around 10 per cent.

The decision, announced by the state-owned oil company, means that the official Government price for Minas goes up by $3.50 a barrel to $30. Most of Indonesia's crude is sold at the official price. But this year about 15 per cent of oil exports have incurred a premium. These premiums have now been reduced.

The premium for Minas, for example, has dropped from $3.70 to $1.50 which means that the most customers can expect to pay from tomorrow will be $36.50 compared to $35.20 now.

The reduction of the premium is good news for Japanese customers who account for above 80 per cent of all the oil sold at a premium.

Anthony McDermott in Cairo reports: Egypt is raising its oil prices by up to $4 a barrel. Top quality Suez blend crude is to increase from $36 to $40.50 a barrel while lower quality crudes are going up $6 to between $32 and $37 a barrel.

Egypt's oil production over the past six months has been at its highest ever, between 685,000 and 690,000 barrels a day.

● Nigeria is expected to raise its crude oil prices by up to $3 a barrel from tomorrow although no official announcement has been made yet. Prices for Bonny Light, Qua Iboe and Brass River crudes are likely to be increased by $3 to $40 a barrel. Other grades will be increased by $2.97 a barrel to around $39.80 a barrel, according to the oil industry.

Peaceful end to Assam strike

NEW DELHI — A general strike by anti-immigration militants paralysed the north-eastern state of Assam for the second day yesterday. Shops and offices were closed and traffic was off the roads.

According to the Press Trust of India, rail and air services were also disrupted during the 36-hour stoppage which ended peacefully.

The Indian Government has said it is prepared to identify and deport foreigners who settled in Assam after 1971. Most migration into Assam has taken place from neighbouring Bangladesh.

Reuter

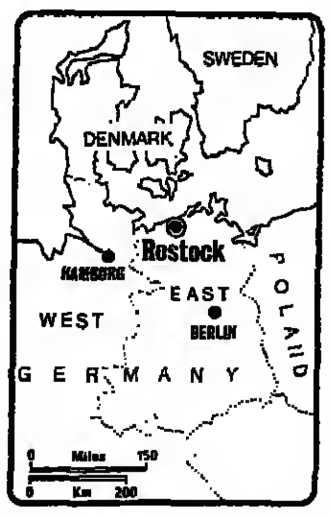
East Germany to expand Rostock freight capacity

BY LESLIE COLITT IN EAST BERLIN

THE BALTIC port of Rostock, East Germany's largest, is to expand its freight capacity in the next five years from 15m tonnes this year to 23m tonnes by 1985.

The expansion is mainly designed to improve Rostock's grain-handling facilities, as East Germany now imports 3m tonnes of grain annually, mainly from the U.S., of which the bulk is now shipped through Hamburg Harbour in West Germany.

In the first half of this year, East Germany more than doubled its grain imports, primarily fodder, much of which was trans-shipped through the port of Hamburg. However, this is costing East Germany scarce convertible currency and it intends to divert imports from Hamburg to Rostock in future.



Rostock is at present completing 32 1,000-tonne grain silos and is planning to erect another 40 silos which will be part of a new grain harbour for which a basin is being dredged. Three new berths are being constructed, two of them able to take 60,000-tonne freighters. Rolling grain elevators are being installed.

The Port of Rostock Administration says the entire grain harbour is to begin its trial operation in October 1981 and that by January 1982 it will be fully operational. Rostock, it is claimed, will then become one of the "fastest fodder and grain harbours."

Before World War II, Rostock was a minor German port and only after the division of Germany became a leading Baltic harbour. It also serves landlocked Czechoslovakia which is now Hamburg's second biggest transit customer.

Also under construction at Rostock is a new roll-on roll-off complex on a 200,000 sq metre area. A shed 260 metres by 72 metres is being built to meet the needs of the roll-on roll-off service which will be linked with the East German rail system and the new autobahn link between Rostock and East Berlin.

Ewbank wins power and water orders from Qatar

BY HAZEL DUFFY

EWBANK and Partners, the UK-based consultant engineers, has been awarded contracts for the extension of the power and water development programmes in Qatar.

Ewbank will engineer the installation of four gas-turbine generating sets, each with 100MW nominal rating. The equipment has an estimated capital cost of over £30m, for which tender documents have been issued. Site work is expected to begin in spring 1981.

The other contract in which Ewbank is involved in Qatar is for the supply of four additional desalination units to be installed at the Ras Abu Fontas power and water station—the world's largest dual installation of its type.

The project is being engineered on a multi-contract basis with individual contracts covering distillers, electrical equipment, seawater plant, civil works and town's water forwarding pumps. Contracts are expected to be placed by April 1981.

Qatar has been a rich source of contracts for Ewbank, the company having been responsible for engineering much of the state's power generation and water production.

Ewbank's sub-consultants for the new development are Charles Haswell and Partners (civil works) and Pencol (water storage and transmission).

New Canada backing for Ireland deal

By Victor Mackie in Ottawa

THE CANADIAN Export Development Corporation has announced the conclusion of an agreement to provide an additional $30m in financing to Aughinish Finance of Ireland. The agreement supports sales valued at $33m by various Canadian equipment suppliers and Alcan International of Montreal.

The latest transaction of the company in Ireland involves the supply of Canadian equipment and engineering services to be incorporated in the alumina plant being constructed on the Aughinish Island in the Shannon estuary on the west coast of Ireland.

In January 1978, the state-run EDC concluded an initial financing agreement for $30.6m in support of Canadian equipment and engineering services in connection with the construction of the plant.

The plant, when completed, will be jointly owned by Irish subsidiaries of Alcan Aluminium of Canada, Billiton BV of the Netherlands, and Anaconda Aluminium of the U.S.

The EDC also announced it will allocate C$57.2m of its line of credit to the Algerian Government to finance the sale of 1,774 Canadian-made prefabricated homes for use in the earthquake-hit area of al Asnam in Algeria.

● The Canadian International Development Agency will finance the construction of a rail link worth the equivalent of $12m (£5.1m) between Malawi and Eastern Zambia, AP-DJ reports from Lusaka.

U.S. paper exports rise 43% to record $4.7bn

BY WILLIAM HALL

U.S. EXPORTS of paper and board rose 43 per cent in 1980 to a new peak of $4.7bn. China, in particular, has emerged as a major market for U.S. paper and board products.

The strength of U.S. exports, coupled with a 3 per cent reduction in imports, largely cushioned the U.S. paper and board industry from the recession. U.S. paper production increased by 0.5 per cent in 1980 and board production fell by 2 per cent.

Overall, U.S. production of paper and board board fell by 2.4 per cent in 1980. This compares with a 5 per cent growth rate in 1979 when the industry produced 64.7m tons—an all-time record.

Overseas sales of U.S. kraft liner and market pulp were the main factors behind the growth in exports. Total exports of board grew by 1m tons to 3.2m tons in 1980, of which 2.2m tons was accounted for by unbleached kraft paper board.

The figures on U.S. paper and board reduction have been released by the American Paper Institute which says that 1980 was the industry's second best year ever, in terms of volume and profits.

In the domestic market the decline in construction activity hit demand for construction paper and board and packaging papers. However, U.S. newsprint production rose by 16 per cent.

Capital spending in the U.S. paper and board industry rose by 24 per cent to $6bn in 1980.

Egypt-Israel trade moves ahead

BY L. DANIEL IN TEL AVIV

NORMALISATION of commerce between Israel and Egypt has been slow to get under way with the land border open to cargoes only in the middle of December.

Nevertheless, Mr. Mahmoud Daoud the Egyptian Minister for Agriculture, who visited Israel this week displayed interest in the range of Israeli agriculture exports and is discussing possible co-operation in various agricultural development projects with his Israeli counterpart.

In the first nine months of 1980, official Israel trade statistics recorded no imports from Egypt except for imports of crude, which Israel is buying at the rate of 2m tonnes annually under a special agreement which is a corollary to the peace treaty between the two countries.

Israeli exports to Egypt during this period came to $865,000—mainly soya meal, refrigerated eggs, plastic goods and aluminium ware. All these were sent by sea.

Trade quickened during the last quarter of the year with shipments of hatching eggs, butter and one-day chicks, as well as small quantities of industrial products such as pharmaceuticals, vaccines and poultry equipment.

The main Israeli commercial representation in Egypt is the office of Koortrade, the trading arm of Koor — the industrial combine owned by the Israeli Labour Federation—established eight months ago.

As to tourism, the Israelis have been much quicker to respond to the opening of the border than have the Egyptians, so that both El Al Israel Airlines and the Egyptian Nefertiti Company have increased the frequency of their flights from an initial two a week in each direction by each company to three flights.

Statistics covering the April-October period show that El Al carried just over 16,000 in both directions and Nefertiti 11,100.

One of the problems faced by Egyptians is the fact that those likely to visit Israel also go to the Arab countries and do not want an Israeli visa in their passport. Many have applied for second passports as a way round this problem. A proposal has been put forward here but not yet been approved by the authorities that such Egyptian visitors be given their visas on a separate piece of paper.

Australia's wine producers raise their export targets

BY PATRICIA NEWBY IN CANBERRA

THE FULL-BODIED reds, crisp rieslings, mellow white Burgundies, and fruity Moselles which grace Canadian tables over the next few years may increasingly come not from traditional European sources, nor even from Canada's own small wine industry, nor from California next door, but from Canada's colonial cousins in Australia.

Through a major export drive currently under way in Canada, Australia hopes to greatly increase awareness first in Canada and later in the U.S. of Australia's potential as a supplier of high-quality table wines.

In spite of Canada's restrictive wine distribution through provincial, state-run monopolies and the complicated system of achieving and maintaining listings for particular wines in each province, Australian wine promoters believe North America offers a great opportunity for Australian wine exports.

Canadians and Americans currently drink less than eight litres of wine a year per capita. This is well behind Australia at 17.5 litres and far behind major wine-producing nations such as Italy at more than 100 litres per head per year, France at around 93, and West Germany at around 24 litres.

Britons, with their well-established beer-drinking tradition, lower per capita incomes, relatively high wine prices, and with virtualy no wine industry, still drink more wine than North Americans. UK wine consumption last year was 8.7 litres per person.

The Australian Wine Board, which represents wine producers, believes the burgeoning Californian wine industry will not be able to keep pace with growing demand in North America for table wines, and that there is room for Australia to develop a market.

Canada, with its small population of 23m, is already Australia's biggest export market, taking nearly 1.6m litres in the 1979-80 financial year. The UK was the next biggest market at nearly 800,000 litres. However, the UK market has changed over the past decade following Britain's entry to the Common Market. In the mid-1960s Australia was exporting around 6m litres of wine to the UK, much of it the fortified wines, brandies, sherries.

After contracting substantially, the market is again growing—this time in table wines. In the financial year 1979-80 Australian wine exports to Britain grew by 38 per cent. Shipments of table wine increased by 66 per cent.

The wine board described the increasing acceptance of Australian table wine, especially reds, as "very gratifying," but warned that with the entry of Greece and the possible entry of Spain and Portugal into the European Economic Community, the future potential for Australia in the low-price segment of the UK market was limited.

Australia's reputation for fine wines has been growing in recent years as prizes have been won and acclaim received from internationally respected critics. However, until now, exports have not been particularly important to the industry which has scarcely been able to meet booming domestic demand.

In fact wine exports dropped in the mid-1970s and are only now regaining the levels of the 1960s and early 1970s of around 6-8m litres a year. Only about 2 per cent of annual Australian production has been exported in the past few years. The small volume of exports has been matched almost exactly by imports, mostly of European table wines.

Australia's wine industry is booming, with producers seeking ever-new export markets.

However, although the Australian domestic market is still growing, the rate of growth is slackening. This comes as production is reaching record levels. This year more than 4.1bn litres of wine were produced from 511,000 tonnes of grapes. Last year 3.4bn litres were produced from 477,000 tonnes of grapes.

To avoid an Australian version of the European wine lake, the industry has decided to build export markets. Although total exports are small in volume, there is a good base on which to build—Australian wine is sold in more than 80 countries.

The industry raised A$200,000 which was matched by the federal government for the Canadian export drive.

Mr. Michael Verity, appointed two years ago as the Australian Wine Board's international marketing manager, identified Canada as the most promising market after spending nearly a year researching and visiting potential customer countries.

After Canada, the next promotional onslaught is expected to be New York followed by California. "It may seem like taking coal to Newcastle, but Californians are interested in wine and in experimenting with wines from other countries," a Wine Board official said.

New Zealand, the biggest single market for Australian table wines, and Oceania will remain important. Japan is seen as longer-term even though exports in 1979-80 jumped by 57 per cent on the previous year to nearly 400,000 litres. The Australian Wine Board has joined the Australia - Japan Business Co-operation Committee with a view to furthering wine trade with Japan.

The Middle East market was nearly as big as Japan's in 1979-80, but the wine board sees this market as limited by the size of the expatriate population. However, there is a growing market for grape juice.

The variety of Australian wines can be daunting to a domestic consumer, let alone a foreign customer. More than 300 commercial winemakers produce more than 2,300 wine labels.

Grapes are grown in South Australia in the famous Barossa Valley which was settled by German immigrants last century, Victoria and New South Wales, on the highlands in Queensland and in south-west Western Australia. In spite of the vast distances between wine producing regions, Australia's generally equable climate means that variation in vintages from year to year are less marked than in Europe.

Vast numbers of vines in Australia are still grown on their original French and German stocks, and the biggest plantings in Australia are of the Shiraz grape.

There are also Australian muscats and liqueur muscats—fortified wines produced from grapes allowed to ripen to high levels of natural sweetness without turning to raisins. It is illegal in Australia to add sugar as is sometimes necessary in colder parts of Europe to lift alcohol levels.

Port charges rise 15% to counter sharp drop in trade

BY WILLIAM HALL, SHIPPING CORRESPONDENT

PORT CHARGES at most big British ports are going up by an average of 15 per cent from tomorrow. The increases are being imposed in spite of a sharp drop in trade, because several ports are in financial difficulty.

The Port of London Authority, which has forecast that it will lose £15m in 1980, is increasing its scheduled charges by 15 per cent tomorrow, but it has introduced a 20 per cent discount for exports.

The Mersey Docks and Harbour Company, which is pressing the Government for special aid, is increasing ship's dues by 2½ per cent, or 10 per cent for grain ships. Conservancy charges—payable by all ships passing through a stretch of water—are going up by 12½ per cent, dues on imports by 15 per cent and dues on exports by 17½ per cent. Handling charges remain unchanged.

As with London, the increase is the first for a year.

The Clyde Port Authority, at Scotland's biggest port, is increasing its charges by an average 15 per cent. However, charges at the Forth Ports Authority, on the other side of Scotland, will rise by only 10 per cent.

The British Transport Docks Board, which controls 19 ports accounting for just a quarter of the country's trade, is raising charges by an average of 13 per cent. Its two biggest ports, Southampton and Hull, suffer from overmanning and have been losing money, though their problems are nowhere near as severe as London's or Liverpool's.

The Tees and Hartlepool's Port Authority, less affected by the recession because of North Sea oil traffic, is increasing conservancy charges by 10 per cent and cargo handling charges by 14 per cent. Its oil trade could soon make it the biggest port in the UK in terms of tonnage.

The smaller ports specialising in roll-on/roll-off traffic are also increasing their charges. Dover Harbour Board by an average 15 per cent and the six ports operated by British Rail's ferry company, Sealink, by 17½ per cent.

A few ports have already increased tariffs. The Port of Bristol's rose by 10-20 per cent in September and the Manchester Ship Canal Company raised charges twice last year. Felixstowe, owned by European Ferries, traditionally increases its dues at the end of June—last time, by up to 25 per cent.

Ports face a dilemma over charges. If they increase them they may drive away traffic, but if they do not, the depression in trade may increase their losses.

Most ports appear to be increasing published rates, at least, although no details are available about the general level of increases in negotiated rates.

The last year has been bad for most ports. The biggest four London, Liverpool, Southampton and Hull, all lost money last year and almost certainly lost more this year.

A combination of a sharp downturn in trade, increasing containerisation of general cargo, and overmanning have sapped the financial strength of many ports and the Government is being forced to review its policy of not aiding individual ports.

Most ports hope higher charges and more traffic next year will revive their fortunes. But the financial situation of three ports, London, Liverpool and Bristol is so serious that they may well not recover without outside assistance.

The Port of London Authority is already being aided by the Government, honouring a previous government's commitment. However, it says its problems will not be solved without a Government-assisted capital reconstruction.

But of all the ports, Bristol seems the most in need of help. Unlike most ports, it is owned by the local authority and the ratepayers are having to foot the bill. The Government has refused Bristol the sort of special financial assistance it is offering London and Liverpool.

In the year to March, 1980, Bristol made a pre-tax loss of £7.7m. Its fortunes have been hit by the heavy financing charges associated with the £40m Royal Portbury dock. It is trying to attract private capital to shoulder some of the burden, but so far to no avail.

BRITAIN'S LEADING PORTS—1979

	Revenue £m	Pre-tax profit (loss) £m
London	87.5	(7.2)
Liverpool	66.3	(1.9)
Southampton	37.7	(0.7)*
Hull	29.2	(1.9)*
Manchester	25.2	1.7
Clyde	23.9	2.1
Tees	22.9	2.0
Bristol	19.8	(7.7)
Felixstowe†	18.1	2.1
Forth	17.0	1.4*

* Includes additional depreciation. † Includes Larne.

Councils can spend £355.5m on education capital projects

BY ROBIN PAULEY

LOCAL authorities in England will be allowed to spend up to £355.5m on education capital projects during 1981-82 under the new capital control provisions of the Local Government Planning and Land Act 1980.

The Department of Education and Science has told each local authority of its allocation for the year—the amount they may spend. These range from £13.56m for the Inner London Education Authority down to £196,000 in the London borough of Sutton and £198,000 in Solihull, West Midlands.

In previous years the allocated limits for education building controlled the value of the building work which authorities were allowed to start each year. Under the new system, the allocated figures determine the amount of capital spending which authorities may make in a year. This covers all sectors of education and includes furniture, equipment, plant and machinery, land and professional fees as well as construction costs.

Allocations are not grants. They represent cash limits on capital spending. They are made for five categories of spending—education, housing, transport, health and environmental services.

Local authorities are free to spend the five amounts as they wish within the five services or they can transfer some spending from one category to another, balancing increased capital spending on education, for example, by spending less than the allocated limit on housing or one of the other categories.

Although councils can borrow and spend what they like within the limits on the various education sectors the Department "hopes" they will give priority to nursery and special education building. (The other sectors are primary and secondary schools, further and higher education, and energy conservation).

In the breakdown of the allocated limit, priority has been given to councils providing low cost accommodation through adaptation work, especially in areas of special social need, and to those projects making provision for the handicapped. The Department is again emphasising that councils should economise by converting spare primary school classrooms for use in nursery education.

As before, all school and further education projects costing £120,000 or more will continue to need the individual approval of the Secretary of State for Education. All councils must submit their lists of major capital projects for 1981-82 to the Department by March 31.

Bankruptcy fees changed

CHANGES and increases in fees for personal bankruptcies and the winding up of companies will take effect tomorrow, the Government said.

Rises in some fees, especially payable where a trustee or liquidator submits accounts for audit, have been made to meet the higher cost of running the Department of Trade's insolvency service.

At the same time, some small fees have been abolished and the wording of fees simplified. The fee for application for discharge from bankruptcy will be a flat £50, also payable where a debtor applies to the court to review a discharge order.

Employers say jobs outlook worsening

By David Marsh

EMPLOYMENT prospects in every sector of the British economy will deteriorate still further next year, and no recovery is expected at least until well into 1982, according to a gloomy report on the outlook for jobs published this morning by Manpower, the work contractors.

Manpower's latest survey of 1,565 major employers reveals that two thirds expect no improvement in job prospects in their industry for at least 12 months.

The largest proportion expects that recovery will be delayed beyond 12 months.

About 30 per cent of employers now expect to reduce their workforces in the first quarter of next year. This is slightly more pessimistic than the report for the last quarter of 1980—then the gloomiest for job prospects during the 14 years of Manpower surveys—for which 29 per cent were forecasting staff cuts.

In the survey conducted 12 months ago for the first quarter of 1980, only 14 per cent of employers were predicting workforce reductions.

Only 6 per cent of employers are forecasting staff increases, compared with 12 per cent last quarter and 21 per cent a year ago.

Only the seasonally volatile food, drink, hotel and catering industries expect any recovery during the first half of 1981. The most pessimistic about early improvement are heavy engineering companies and all the public sector industries.

Employment pessimism is also pronounced in the banking and insurance sectors, normally areas which are least subject to large scale labour changes.

In the service industries in general, 23 per cent now expect staff cuts against only 12 per cent in the first quarter of 1980.

Panther to resume production of cars

By John Griffiths

CAR PRODUCTION is to resume on Friday at Panther Westwinds, the specialist maker in Surrey bought from the receivers last month by the head of Jindo, a South Korean manufacturing group.

Mr. Young C. Kim, Jindo's president, has formed a partnership with Mr. Robert Jenkel, the founder of Panther, which went into receivership last December owing nearly £1m. They plan to resume production of a three-model range of of Panther cars, eventually useing non-mechanical components from Korea rather than the UK.

The first two cars to go on the line at Byfleet will be a Lima two-seater, which at £9,000 plus is the cheapest model, and a larger and more luxurious vehicle, the J72.

But Panther is taking a cautious approach to resuming output, and has no immediate plans to return to the peak 10 vehicles a week it produced before the Midland Bank called in the receivers. Over-expansion and diversification into too many projects, were clear factors in the downfall of the earlier company.

Mr. Graham Arnold, Panther's new marketing manager, said: "The seeds of destruction of a specialist maker have always lain in the pursuit of volume, or bowing to outside pressures to step up volume."

By the end of 1981 Lima production may be up to six a week, he said. But output of the larger cars, the £22,000-plus J72 and the £55,000-plus De Ville "flagship," will be much lower. Panther is adopting a sales policy based on the yacht-building industry — stage payments over the manufacturing period, which can be up to four months.

It is not resurrecting a dealer network. Instead, it will stage short, one- or two-week sales drives in major towns and cities, using showrooms of a "host" distributor or dealer in other "reputable" makes, allied to local promotion campaigns.

The host garage would take a commission on cars sold and act as servicing and warranty agent. Panther says because the cars use proprietary components — the Lima, for example, used Vauxhall engines and running gear — owners would not encounter maintenance or repair problems.

Panther is aiming to sell about one-third of its output in the U.S., one-third in the UK, and the rest in European and other markets. It expects to sell direct to customers via advertising and other promotions.

Components are expected to continue to be sourced in the UK for most of 1981, with only a gradual build-up of supplies from Jindo's manufacturing facilities in Seoul. The logic behind making them in Korea is that, apart from cheaper production costs, they can be shipped cheaply to the UK in Jindo containers and vessels.

Panther said yesterday that despite the receivership, it had full backing from component suppliers.

Delay expected in lowering of some mortgage interest rates

BY ANDREW TAYLOR

MANY BUILDING society borrowers will find their monthly mortgage repayments are not automatically reduced from tomorrow in spite of the announcement this month that the recommended mortgage rate for existing borrowers will fall from 15 per cent to 14 per cent at the start of the New Year.

For example, most borrowers with the Halifax—the country's largest building society—will have to wait until February 1 for the new rates structure.

The delay arises because under rules operated by the Halifax the society must give at least one month's notice to investors of any fall in interest rates. The Halifax says that if it cut mortgage rates before reducing the rates paid to investors, it would cost the society £4.5m in a month.

Borrowers with other societies too, cannot automatically expect monthly repayments to be reduced from January.

Some societies, including the Provincial and Woolwich Equitable, seek to keep monthly repayments at a constant level during their financial years and therefore generally recalculate payments only annually, on the basis of interest rates prevailing at the start of the year.

Repayments therefore do not necessarily increase or reduce in line with interest rate changes unless borrowers specifically request it. Interest rate changes during the year affect the life of the loan rather than the level of repayments, and any discrepancy is corrected at the end of the year.

The Woolwich financial year does not end until September 31, but the Provincial's ends tomorrow anyway.

Some borrowers may decide to maintain their repayments at the present level, to reduce the life of the loan.

The Halifax, which provides almost a quarter of all building society loans, said that when interest rates were last lowered, three years ago, 30-50 per cent of its borrowers opted to maintain repayments at the higher level.

NatWest cuts personal loan interest

BY DAVID MARSH

NATIONAL WESTMINSTER Bank yesterday announced a 1 percentage point cut in interest rates on personal loans, extending the move towards cheaper credit among the Big Four clearing banks since last month's cut in minimum lending rate.

NatWest is also revising its charging arrangements for personal current accounts. It is cutting charges for automated debit entries but increasing them for other items.

The new interest rate, which takes effect for loans agreed on or after January 2, will amount to an effective 18.33 per cent for a six-month loan, and 19.75 per cent for two years.

The move follows similar action by Midland Bank last month, when it cut effective rates for personal loans to 18.3 per cent for six months.

Mr. Jeff Benson, NatWest's group chief executive, said yesterday that the adjustment reflected the generally lower level of interest rates.

All the Big Four banks cut their base rates to 14 per cent last month.

Under the new personal tariff arrangements, NatWest is leaving its minimum balance qualification for free banking at £50. When the qualifying balance is not maintained, it is reducing the charge for such automated items as servicebill and direct debits to 12p from 15p but raising the cost of other debit entries to 18p from 15p.

High tax 'way to cut drinking'

BY GARETH GRIFFITHS

THE GOVERNMENT must develop a strong policy on alcoholic drink taxation if it really wants to cut overall consumption of alcohol, says a report on the drink trade by Dr. Martin Duffy of Manchester University Institute of Science and Technology.

The industry can stand large tax increases, he adds.

Beer is likely to sell less well, says the report. Demand for wines and spirits may grow at between 50 per cent and 100 per cent faster than the growth of consumers' real disposable income, but beer demand may increase at between 20 to 30 per cent less than the growth in incomes.

The report examines advertising, taxation and demand for beer, spirits and wine in the years between 1963 and 1978.

It says that consumption of drinks can be expected to boom when the recession ends and real personal income rises.

Wine and spirits sales in the period of the study were helped by a fall in relative prices. The crucial factor in boosting demand was the real increase in incomes. Drinks sales generally responded slowly to price movements compared with other products.

The report's finding that advertising has little effect on overall sales is bound to cause controversy. Proponents of stronger control of drinks have mooted the idea of advertising reductions. The report says this would be ineffective.

It backs the idea of indexing the tax rates on alcoholic drinks to the cost of living, and suggests gradual price rises over three to five years to bring real cost of drink back to that in the 1960s.

The study could provide support for those in the Government aiming at large increases in drink duty next year as a way of cutting overall consumption. It suggests that because of the relative price insensitivity, of beer in particular, drink could stand substantial duty increases.

Mr. Duffy suggests that demand for wine could be cut by up to a quarter, and spirits consumption by nearly a third, if 1978 prices had been raised to the same level in real terms as in 1970.

Food manufacture profits remain low

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PROFITABILITY of UK food manufacturers rose slightly in the second quarter of 1980 but remained at a historically low level, according to the latest survey of the industry published by the Food and Drink Industries Council.

The survey shows that manufacturers' profit margins, calculated as a ratio of pre-tax profits to sales, rose from 2.65 per cent in the first quarter to 3.63 per cent in the second quarter.

In spite of the recovery, manufacturers' profit margins are still at one of their lowest levels for the past two years. And, in comparison with the annual profit margin figures, the 3.63 per cent margin in the second quarter was the lowest for three years.

The council, in its latest bulletin, says that the figures "again underline the fundamental difficulty of an industry unable to generate sufficient profits in order to finance its cash requirements."

The council adds that "pressures on the industry could have been worse but for the lower cost of inputs compared with manufacturing generally." For the year ending June, 1980, the wholesale input prices for food manufacturing industry increased by 8.2 per cent, compared with 23.3 per cent for all manufacturing industry.

Food prices have also been rising more slowly than the rate of inflation. While the retail price index for the year to June, 1980, rose by 21.5 per cent, the index for food price rises increased by only 13.6 per cent.

Television South West set for early takeover

By Arthur Sandles

TELEVISION SOUTH WEST, the winner of the west country ITV franchise in the latest contract reshuffle, is ready to take the franchise over earlier than expected. This emerges as Westward's warring shareholders move towards another battle.

TSW's Board will meet again on Friday, but Mr. Brian Bailey, its chairman, has already indicated that an early assumption of Westward's role is not ruled out.

Even if the present Board of Westward, under Lord Harris of Greenwich, survives the latest attempts by supporters of Mr. Peter Cadbury to force another change of chairman in the company, there is always the possibility that Westward and TSW complete their hand-over negotiations quickly and seek Independent Broadcasting Authority approval for an early switch in management.

More pressing, however, is the prospect that Mr. Bill Cheevers, a substantial holder of Westward voting stock and a Cadbury supporter, might succeed in his bid to remove Lord Harris.

Should this happen, the IBA would be placed in an extremely embarrassing position. It has already declared that Mr. Cadbury is not acceptable as chairman, and forced his retreat from the battle earlier in the year. If the Cadbury camp returned to power at Westward, the authority might be forced to move in and enforce a rapid handover to TSW.

At the heart of the matter may be the 20 per cent of Westward voting stock held by Hambros Bank and bought by the bank from Mr. Cadbury and his family.

Mr. Cadbury believes that he can repurchase these shares now that Westward has lost its licence. This is not the universal interpretation of the conditions attached to the sale.

Trident 'can employ 45,000' in late 1980s

By Michael Donne, Defence Correspondent

REPLACEMENT of the ageing Polaris submarine nuclear deterrent by the U.S. Trident missile system will provide employment for up to 45,000 through the second half of the 1980s in engineering, shipbuilding and related industries.

A memorandum from the Defence Ministry on the Trident, submitted to a Commons Defence Committee in October and first published yesterday, says that the £5bn programme now planned "may be expected to provide perhaps 225,000 man-years of direct employment over the whole period of the programme in the construction, shipbuilding and engineering industries."

Nearly as much employment again will come indirectly in supporting industries, such as iron and steel, and heavy, light and electrical engineering and electronics.

Britain will buy the Trident system from the U.S., but make her own warheads and submarines and build depot and shore support facilities.

The costs have been initially assessed at between £4.5bn and £5bn. In its memorandum the Ministry admits that it cannot calculate the precise effects of Trident procurement on other programmes.

The initial estimate of the cost is based on a "long-term costing" giving only a "snapshot picture" of the programme.

"There are so many variables and uncertainties that even if we could assume that the total defence budget would in the future be the same without Trident as with it, any attempt now to calculate the effect of Trident in terms of a comprehensive and specific list of repercussions would not be meaningful."

House of Commons Defence Committee on Strategic Nuclear Weapons Policy: Minutes of Evidence, Wednesday, October 29, 1980; Stationery Office, £3 net.

Christine Moir on the investigation into a 1973 company collapse

'Recklessness and lies' marked Cornhill's short life

RECKLESS TRADING, persistent window dressing of accounts, circular loans, lies and contempt of boardroom procedure characterised the short life of Cornhill Consolidated Group, the bill-trading and holding group which crashed within days of the collapse of London and Counties at the beginning of the 1973-74 secondary bank crisis.

Yet the most remarkable thing about its collapse in December 1973, according to the report of the Department of Trade inspectors appointed within days, was that it had not happened sooner.

Mr. David Calcutt, QC, and Mr. John Whinney, FCA, conclude in their 300-page report that "from its origins in the loan of £1m to Mr. Spilsbury"—a former owner of Worcester Works Finance, which Cornhill took over and renamed Commercial Credit and Discount—Cornhill "was no more than a huge speculation with borrowed money."

Accounts, when they were published—none ever appeared for the group as a whole during its four-year life — contained an "unusually deceptive" degree of window dressing even for the standards of the time. The inspectors, for instance, believe, the balance sheets for 1972 should show assets of £22.7m instead of £35m, and those for 1973 should be £16.4m instead of £34.2m.

The requests by the Registrar of Companies for up-to-date accounts (largely delayed because Price Waterhouse as auditors refused to issue an unqualified audit certificate) were neither timely nor effective. Had they been, the inspectors conclude, fewer creditors would have been caught in the collapse.

Much of the loan capital which appeared in the balance-sheets came from reciprocal deals with such companies as British Bangladesh, the company controlled by Mr. John Stonehouse, the former Labour Cabinet Minister, and London and Counties.

These deals, which lasted for the 24 hours of the balance-sheet date, created a "largely illusory" appearance of size for Cornhill.

Where such deals were not undertaken, the size of the group was blown up by acquisitions financed by the issue of capital usually made with the financial assistance of the companies whose shares were acquired.

The group was thus largely built upon a series of breaches of section 54 of the Companies Act, which prohibits companies helping others to buy its own shares, the inspectors say.

The main tranche of genuine money into Cornhill—a £4m loan from Continental Illinois—was granted on the basis of an apparent £6.5m guarantee from the American Agricultural Insurance Company. In fact, that money had been guaranteed by Mr. W. H. Pluett, a manager of the American company, without authorisation by the board.

The American bank, therefore, lent Cornhill money because it believed it to be a finance house of substance. "In truth," say the inspectors, "by April, 1973, Cornhill had a deficiency of £5.9m."

For all the lies, euphemisms and deceptions practised by Mr. Morris, the inspectors say, there are no grounds for further police investigation. They see no evidence to suggest that he or his fellow directors intended to line their own pockets. "Their efforts were principally devoted to supporting the Cornhill group in the face of ever-mounting losses."

These began with the legacy of Mr. Spilsbury. Cornhill finally had to buy him out and then seek help from Triumph Investments to support that buy-out.

Mr. Tom Whyte, chairman of Triumph, took over Worcester, only to see its losses rise just ahead of the eventual collapse of Triumph itself.

Mr. Morris went on holiday for a few days in early December. By the 10th it was clear the company could not meet interest payments on a crucial loan and other loans were being called in after the collapse of London and County.

On December 17 the Bank of England sent in National Westminster Bank to study the case but decided that support would only postpone the evil day.

The inspectors came in in mid-January. The delay in publishing their report arises from the lengthy criminal proceedings, which ended last February when Mr. Spilsbury received an 18-month prison sentence on various Fraud and Theft Act charges.

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Radical change urged in print employers' body

BY ALAN PIKE

THE RESIGNATION of the British Printing Industries Federation's office bearers and the appointment of a high-ranking new director general were demanded yesterday in the report of an inquiry into "catastrophic" difficulties which have faced the organisation this year.

The BPIF, which acts as both an employers' and trade association in the printing industry, set up the review body under Lord McGregor of Durris after serious divisions arose among members during a pay dispute with the National Graphical Association last year.

In its report, the review body refers to an "atmosphere of resignation, frustration and bitterness and an open expression of a lack of confidence in the existing governance of the federation," and concludes that it is not at present capable of functioning successfully.

There was a widespread feeling among BPIF members, says the report, that they were isolated in their own federation. This resulted in part from the organisation's "creaking, unrepresentative and inward looking system of government," and the membership required "the old mould to be broken" so that new machinery could develop.

A radical reorganisation of

Leonard Burt
Lord McGregor of Durris

the BPIF, says the report, is needed to restore the confidence of members in its usefulness.

It calls for the resignations of the federation's lay office-bearers, other than the annually-elected president, not because of personal criticism, but because the review body feels there must be a "striking, visible and symbolic act" to bring home to members the inescapable need for radical change.

The report also recommends that past BPIF presidents should "refrain from offering advice on the policies of the federation" and that the president in office should not seek it.

The recommendations of the report are intended to create a structure which will give members greater influence over policy. It calls for the creation of a new management board and a revised regional structure.

"We attach the highest importance to ensuring that the membership are placed in a constitutional position which enables them to challenge the major decisions of the central management board and require it to provide explanations in public."

The review body also recommends the federation to seek a new director general with the ability to "pull together and revive a debilitated organisation." It says the director general should be paid at the level of a permanent secretary in the Civil Service, and that a suitable candidate should be sought in Whitehall and industry.

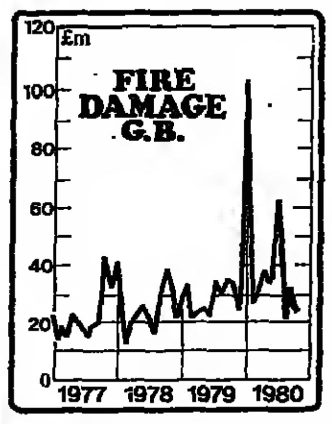
Commenting on the dispute with the NGA which brought the collapse of morale in the federation to a head, the report notes the view of some printing employers that in slightly different circumstances the outcome might have been victory rather than defeat.

Further decline in cost of fires

By Eric Short

FIRE damage costs in the UK continue to decline from the high levels reached earlier this year, according to the latest figures published yesterday by the British Insurance Association.

Costs in November were over £6m lower, at £23.7m, than in the previous month and nearly



£2m below those of November last year.

Costs last month were low, primarily because there was only one fire where damage was at least £1m.

The decline in damage costs over the past few months means that total costs for this year are likely to fall well short of the once-predicted £500m. Costs over the first 11 months totalled £440.8m

Fredy Fisher leaves the FT for a new career as a banker

Force behind paper's expansion

MR. M. H. "FREDY" FISHER retires today as editor of the Financial Times. He leaves us at the age of 58 to begin a new career—as a banker with a senior post at S. G. Warburg.

Fredy Fisher has been with the Financial Times for 23 years. During that period the newspaper has broken out from being a narrow-circulation financial journal with an audience largely confined to the City of London to its present position as one of the world's leading newspapers.

A significant part of this break-out has taken place during the past eight years under Fredy Fisher's editorship. The decision to produce a Continental edition of the paper printed in Frankfurt was taken in 1977, and it was launched at the beginning of 1979.

At about the same time, the FT began publishing a weekly magazine, World Business Weekly, in the U.S.

Fredy Fisher has been deeply committed to both these projects, and they set the tone of his editorship. As the international ambitions of the newspaper expanded, so have the depth and the breadth of its writing. The paper's industrial coverage, which had tended to be a poor relation to its financial and economic reporting, has been given fresh impetus. The launch of the Frankfurt paper has been directly responsible for a major expansion of the paper's coverage of international finance in its broadest sense. As editor Fredy Fisher was at the centre of all these changes.

Fredy Fisher came to the paper in 1957 after seven years as an historian at the Foreign Office. At that time Gordon Newton, editor from 1950 to 1972 and the founding father of today's FT, was just getting into his stride. He had surrounded himself with a team of untrained young people fresh out of university to help him create a new newspaper. William Rees-Mogg, Nigel Lawson, Samuel Brittan, Robert Heller, Shirley Williams, Michael Shanks, Robert Collin, Arthur Winspear, Ian Trafford, Dick Wilson — all were on the staff at the time Fredy arrived. The great boom years of the late 1950s were under way. Between 1957 and 1964, the FT's circulation almost doubled from 80,000 to over 150,000.

Fredy Fisher's first job on the paper was as the second man in a two-man foreign department, looking after a half-page called Commonwealth and Foreign. By 1961 he was foreign editor, and both he and the paper were caught up in the 1960s mood of optimism and self-confidence. Jock Bruce-Gardyne had been the first FT correspondent to be sent abroad to Paris in 1957. Now, New York, Brussels, Washington, Bonn, Rome, Stockholm and Tokyo were added to the FT's foreign operation, as the space devoted to foreign affairs within the paper was rapidly expanded. At a time when most of the world's Press were cutting back on overseas coverage, the FT set out to plough a furrow of its own.

By the mid-1960s, Fredy Fisher had moved to the home side of the paper and was an assistant editor. In that capacity, he assisted Gordon Newton in his orchestration of the second arm of the FT's expansion—away from its base in the City of London to its present broad coverage of industrial, economic and political affairs. The Technical Page and the Management Page were both launched during this period. As a lifelong lover of music, Fredy found himself drawn into discussions of the FT's arts coverage. The paper was on its way to its first major circulation peak of just under 200,000.

By the time he took over as editor in 1973, Fredy Fisher had added a journalist's nose for news to his historian's instinct for what is important. He has taken a strong intellectual interest in what the paper has written, and especially in its editorial policy. His editorial conferences have been lively and refreshing. He has applied his own drive and energy to demanding from his writers rigorous standards of accuracy and clarity of expression.

Fredy Fisher belongs to that distinguished group of British citizens who were forced to flee the Nazi regime in pre-war Germany. He was born in Berlin in 1922 into a family which lived with music around the house — two of his father's closest friends were Artur Schnabel and Otto Klemperer. His first language was Russian, but that was soon forgotten. He was brought up bilingually in German and French until 1936, when his father and stepmother left Germany for Switzerland, and he was sent to boarding school in England.

In 1940, at the age of 18, he was caught up in a blanket round-up of "enemy aliens," and shipped to an internment camp in Australia. By 1942, he had persuaded the authorities that they had made a mistake, and returned to the UK to join the army, landing in Normandy in June, 1944 as a trooper with the 8th King's Royal Irish Hussars

It was from this background that Fredy went on to win a first in History at Lincoln College, Oxford, and to his three careers — as an historian, as a journalist and now as a banker. The Financial Times is grateful for all he has done for the paper, and wishes him well at S. G. Warburg.

G.D.O.

Local airports likely to earn £13m surplus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE 23 local authority airports in Britain are expected to earn an operating surplus of over £13m in the current financial year, compared with a surplus of nearly £9.5m in 1979-80.

After allowing for interest, debt repayments and capital outlays financed from revenues, the net surplus in the current year is expected to be about £1.7m—compared with a net surplus of £2.5m in 1979-80.

Figures prepared by the Chartered Institute of Public Finance and Accountancy show that total income from operations in 1979-80 rose by 27 per cent to £66.9m, while operating expenditure rose by 22 per cent over the same period, to £57.5m.

The Institute says the surplus in 1979-80, and the estimated surplus for the current financial year represents "a major step towards local authority airports becoming financially self-supporting without recourse to subsidy from rates and taxes.

Total investment in the airports, on a historic cost basis, amounted to nearly £80m at the end of March, 1980.

Of the 23 airports, nine had surpluses. They were: Birmingham, Hurn, Bristol, East Midlands, Gloucester (Staverton), Leeds/Bradford, Luton, Manchester and Norwich. These ranged from surpluses of over £2.14m at Luton and £1.7m at Manchester to £3,576 at Staverton.

The rest incurred losses (including: Blackpool, Shoreham, Cardiff, Carlisle, Coventry, Dundee, Exeter, Humberside, Liverpool, Southend, Sunderland, Swansea and Tees-side).

The number of passengers using the 23 airports in 1979-80 was 11.8m—a 9.6 per cent rise over the previous year. Over the same period the number of air transport movements rose by 7.8 per cent to 265,000.

These local authority airports therefore provided about 20 per cent of the total airport services in the UK, a figure which is expected to increase in line with Government policy for greater use of capacity at regional airports.

Chartered Institute of Public Finance and Accountancy, Local Authority Airports, 1979-80, 1, Buckingham Place, London, SW1.

SHUTTLE CUT: A midwinter drop in traffic has forced British Airways to cut one flight a day in each of its Shuttle services.

The London to Glasgow cut will be made from Sunday, January 18, and will involve the 19.15 flight from Mondays to Fridays, and the 12.15 on Saturdays and Sundays in each direction.

On the London-Edinburgh route, the 13.40 Saturday flight will be cut from January 24, along with the 15.40 flight from Edinburgh to London.

On the London-Belfast route, the 8.30 Sunday flight will be dropped from January 25, while the 20.30 Belfast-London flight on Saturdays will be cut from January 24.

On the London-Manchester route, the Saturday northbound flight at 13.55 and the 15.20 southbound flights will be dropped from January 24.

A BA spokesman said: "We are tailoring our services to meet the demand, but we will be keeping the schedules under review."

Satellite broadcasting paper due soon

BY ELAINE WILLIAMS

THE FUTURE of satellite broadcasting will be the subject of a further Government discussion paper early in the new year.

This follows publication earlier this year of a consultation document which called for submissions to the Home Office by broadcasters and equipment manufacturers.

The timing of the introduction of satellite broadcasting is likely to be a main issue raised in the paper.

Several organisations believe Britain should wait until the 1990s, when the second generation of direct broadcasting satellites will be available, rather than participate from the beginning.

The BBC says this would court the danger of missing business and broadcasting opportunities, and has urged the Government to press ahead with a system by the mid-1980s.

Fears of "missing the boat" are based on the fact that France and West Germany are working on a joint programme to launch a satellite in three or four years' time.

The BBC has said that it is willing to go ahead with direct broadcasting if it can obtain sufficient Government funding.

It has proposed to operate two independent national television channels. The first, provisionally called UK, would carry the best of BBC-1 and BBC-2 channels on a retimed schedule aimed at shift workers and others who are awake for long periods outside normal transmission times.

The second would be a pay-TV system costing subscribers about £1 a week in addition to the television licence fee.

Mr. George Howard, chairman of the BBC, said that it would be built round feature films, current events, popular and classical entertainment, additional sports coverage and successful television series.

To speed British entry to direct broadcasting the BBC has proposed an interim service through the prototype European satellites called L-sat. Britain is one of 17 countries funding the £87m L-sat project and provides 15 per cent of the finance.

Maternity benefit plans rejected

By Our Labour Staff

THE TUC has rejected Government proposals on maternity benefits.

In a reply to Mr. Patrick Jenkin, Social Services Secretary, published today, it said: "The Government seems more concerned with administrative savings and convenience than with the effects of changes upon the incomes and health and welfare of mothers and babies."

The TUC says the Government's consultative document "A fresh look at maternity benefits" would mean a diminution of the rights of women who go out to work.

Future changes in benefits should be considered "without prior restraint on total spending." Present benefits should be maintained and improved. The maternity grant should go up to £100 immediately and maternity pay should be extended from six weeks to 18 weeks.

The number of married women in jobs and paying national insurance contributions was increasing and spending on maternity provision had already been cut by the present Government.

The UK already compared badly in this respect with other EEC countries, the TUC says.

Uniroyal agreement

By Our Labour Staff

THE UNIROYAL tyre company has agreed in principle to set up a joint body with the General and Municipal Workers Union to examine investment policies, marketing and efficiency the union said yesterday.

The GMWU is the sole union representing process workers at the two Uniroyal plants.

Mr. David Warburton, the union's national officer for the rubber and chemicals industries, said the decision of the company to agree to formalise discussions was a breakthrough in the union's relations with the industry.

More ports back seamen's strike call

BY PAULINE CLARK, LABOUR STAFF

BRITISH shipping, including cross channel ferry services, came under mounting threat of disruption yesterday when seamen's leaders in Southampton, Weymouth and Portsmouth joined Hull in calling for a national seamen's strike over pay.

The level of national support by seamen for an all-out strike remained uncertain yesterday, however, as local decisions on industrial action continued to have only a limited effect on British-crewed shipping traffic.

A meeting of seamen in Liverpool, meanwhile, stopped short of calling for a national strike yesterday although they pressed for an escalation of the lightning stoppages which began before Christmas.

But passenger car ferry services between Liverpool and Belfast were suspended for 48 hours from noon after 60 seamen from the Ulster Queen voted to join action already taken by seamen on the P & O sister ship, the Ulster Princess.

The National Union of Seamen said yesterday there was a "growing mood" among its 26,000 members involved for more industrial action, but pointed out that a national strike could only take place after a separate ballot.

Mr. Jim Slater, general secretary of the NUS, is expected to call an executive council meeting next week to decide how to respond to local votes taken this week on the issue, and after a further branch meeting of Dover seamen planned for next Monday.

So far the union has limited its response to a ballot rejection of a 10.5 per cent offer from employers to authorising local branch decisions on industrial action — including overtime bans and "guerrilla" strikes.

In Southampton, the decision by 180 branch representatives of some 2,000 seamen in the port mainly employed by Cunard was said to be unanimous.

On Monday a unanimous vote was also taken by representatives of 12,000 seamen in the union's Hull branch to call for a national strike as it felt local sporadic action had not been effective enough.

The General Council of British Shipping last weekend reiterated its view that the 10.5 per cent offer could not be improved without increasing the risk of losing more ships and more jobs.

It claims that seamen's leaders are pressing a demand for a 20 per cent increase in pay — including improvements in overtime rates — which it says British shipowners cannot afford in the face of growing international competition.

Ferry companies are adopting a wait and see attitude over the New Year holiday period. So far only the Liverpool P. and O. ferry crews have decided to disrupt holiday ferry services following the majority decision by seamen last week to allow ferries to operate normally until after the New Year.

British Rail's Sealink service said it had received no warnings from ports of any industrial action over the New Year period.

At Cardiff docks, four ships, including the 12,000-ton tanker the Texaco Gloucester, are held up by the action. A decision on whether to allow them to sail is unlikely to be taken before Friday when seamen in the port plan their next branch meeting.

Employers gloomy on jobs outlook

BY NICK GARNETT, LABOUR STAFF

CONSIDERABLY more than a third of 1,565 employers interviewed in a survey on jobs said they did not expect an improvement in job prospects during the next year.

The survey, carried out by Manpower, the work contractors, showed that 30 per cent of employers in the survey expected an improvement in employment prospects within the next six months, but only 6 per cent thought this would happen within the first quarter of next year.

Thirty-nine per cent believed any improvement in their industries would not come before 1982.

Almost one in three employers (30 per cent), expect to reduce their workforces in the first three months of the New Year. This forecast is marginally more pessimistic than that for the last three months of this year, and is the gloomiest job cuts forecast since the Manpower survey started 14 years ago.

The forecast for the first quarter of 1980 showed that 14 per cent of employers expected workforce reductions.

The food, drink and catering industries tend to be more optimistic about improving job prospects than other sectors. Heavy engineering and some public sector industries are the most pessimistic sectors.

In banking and finance, about 40 per cent of employers expect no improvements in employment until 1982. Only 3 per cent of public sector employers expect to increase staff in the New Year.

The survey shows that the latest decline in job prospects within service industries has been sharper than in manufacturing where the fall has slowed slightly since the last quarter.

The proportion of companies in the service industries planning staff cuts has risen to 23 per cent, compared with 19 per cent last quarter and 12 per cent in the first quarter of this year.

About 6 per cent of manufacturing companies expect to increase staff, compared with 9 per cent last quarter and 22 per cent at this time last year.

Companies in the North West and North East, Scotland and the West Midlands are the most pessimistic about improving job prospects within the next three months.

TUC to set up national education centre

BY OUR LABOUR EDITOR

The TUC is to set up a national centre for trade union education, with £1m low-interest loans promised by the unions.

It is negotiating with Haringey Borough Council in North London to buy the Hornsey College of Art. The TUC intends to rebuild and furnish the college to provide accommodation for up to 60 students and teachers.

The TUC is one of the few national trade union federations without its own education centre. It spends about £1.5m a year on education—of which just under half is provided from public funds—training tutors, developing courses educating trade union officials and briefing shop stewards on what is happening in their industry or company.

A national centre will permit the TUC to concentrate some of its education work, presently spread among 180 colleges and about 300 courses, in one place.

The Haringey centre will cater for about 2,500 of the 40,000 officials and shop-stewards who attend the TUC's 10-day training programmes.

Loans from affiliated unions, which the TUC hopes to secure at 5 per cent under the Minimum Lending Rate, may not be enough to pay for the lease and conversion of the art college. The balance may be raised either from commercial loans or by inviting the unions to increase their subsidy.

Labour HQ claim for parity goes to ACAS

By John Lloyd, Labour Correspondent

A CLAIM by Labour Party headquarters staff for parity with staff at the TUC is to be referred to the Advisory, Conciliation and Arbitration Service.

Negotiations between the joint trade union side and the management committee ended before Christmas with an agreement to refer the issue to ACAS. It is understood the dispute is as much between rival staff unions as between staff and management.

The staff are organised into three unions — the white collar section of the Transport and General Workers Union, the Association of Professional, Executive and Computer Staffs and the National Union of Journalists. The inter-union dispute concerns the TGWU and APEX.

At the same time, the 137 staff are concerned that their salaries are as much as £1,500 lower than those paid to comparable grades at the TUC. They also point to a deal for department heads, negotiated under ACAS auspices two years ago, which gave them parity with their TUC equivalents.

Union fights for 30 sacked clothing staff

A CLOTHING workers' union is taking a tailoring firm to an industrial tribunal for sacking its entire workforce without warning or pay.

The National Union of Tailors and Garment Workers are fighting to get money for the 30 workers at Challengers Bespoke Tailoring firm at Kettering, Northants, which was forced to close in July because of the recession.

Mr. Alan Garley, union organiser, said yesterday: "The workers were sacked without warning or pay. Under the rules they should have been given 30 days warning of redundancy and 30 days' pay before being laid off." No date has been set for the hearing.

LOMBARD

The joys of ambiguity

BY PETER RIDDELL

"In England we never entirely mean what we say, do we? Do I mean that? Not entirely. And logically it follows that when we say we don't mean what we say, only then are we entirely serious."

Alan Bennett,
The Old Country.

Not all politicians aspire to these heights of ambiguity, though Lord Butler did in his prime, and Mr. John Biffen is practising hard at present. There is certainly no shortage of official pronouncements whose meaning is double-edged. As Mr. Bennett pointed out in his play, "no institution you can name but the choice is tinged with irony." In many cases the irony is presumably not intended by the speaker or writer, though one can never tell in some cases. Here are a few familiar examples with, I hope, suitably unambiguous translations:—

Old-fashioned

"On the whole we have an old-fashioned prejudice in favour of an annual Budget." (Mr. Nigel Lawson, August, 1980, after the 5 per cent jump in the money supply.) Translation: "We do not want to do anything now, so you will have to wait until November for the usual half-yearly mini-Budget."

"The Industry Act (1975) requires the Government to publish economic forecasts twice yearly." (The Government health warning in the preface to the forecasts published in November.) Translation: "We wish we didn't have to publish these forecasts. Some of us don't believe in the conventional Keynesian forecasting techniques of the Treasury economists ('The uncertain science of economic futurology,' John Biffen). We all believe that it can be very politically damaging to publish all this gloom and doom even though the projections have often turned out to be too optimistic. But we are forced to publish the damn figures because it would cause too much of a row to amend the Industry Act now. At least Terry Burns has made the summary of the forecasts reasonably lucid and sensible."

"Punk monetarism," (Mr. Denis Healey from May, 1979, onwards). Translation: "The best way of ensuring that everyone forgets that I introduced monetary targets and quite successfully pursued a tight monetary policy is to create a smoke-screen by accusing the Government of being extremist." An alternative approach (adopted by Mr. Peter Shore and others) is completely to forget that the last Labour Government ever had a monetary target.

"The Bank of England announce the issue by tender by Her Majesty's Treasury of £xm of . . ." Translation: "Buddy (the Prudential, the Legal and General, etc.) can you spare a dime (or preferably several) so we can burden our grandchildren with vast debt interest payments."

"The Bank of England announce that, with the approval of the Chancellor of the Exchequer, they have decided to . . . ." Translation: "after the usual blazing row, leaks, deviousness and dithering the Bank/Treasury (delete which is not applicable) have been dragged kicking and screaming to agree on the lowest common denominator of change."

Not a clue

"The Budget will be designed to ensure that the thrust of the medium-term financial strategy is maintained." (Sir Geoffrey Howe, November 24.) Translation: "We haven't a clue where we are now. Public sector borrowing and the rate of monetary growth are both well over target, and there is no chance of getting back to the levels implied by the medium-term strategy either this year or next. But give us a few months' breathing space and we will try to come up with something more plausible by the time of the spring Budget."

"Three years of unparalleled austerity." (Mr. John Biffen, January, 1980.) Translation: as an aspiring master of irony Mr. Biffen, of course, meant what he said. Indeed he has claimed that it was absolutely vital to show "that the measures the Government had in mind against the background of low growth were politically quite a daunting task." Don't say you were not warned.

● The name of author Paul Einzig was mis-spelt in yesterday's article.

Letters to the Editor

Programme for the New Year

From the Director General, Institute of Directors

Sir,—At the beginning of the year you were good enough to publish a letter in which I attempted to highlight some of the most important areas for attention in the coming year by company Boards of directors.

At that time industrial relations questions were at the forefront. But in 1981 the prospect of continuing depressed trading conditions brings the need for a more wide-ranging scrutiny across all the activities of a company.

I would hope that in 1981 every company Board would hold a strategy meeting, with members of senior management present and no other business on the agenda, devoted entirely to planning for the economic upturn which can now be glimpsed on the horizon.

Fundamental to any such strategic planning is a thorough re-examination of the businesses and products in which the company is engaged, and a preparedness to allocate resources only to those operations which have long-term viability. Businesses which do not fit into the overall corporate strategy and products which are on the borderline should be pruned. They may well have a better future elsewhere. Buy-outs by existing management may often be feasible.

In this portfolio reshuffle the opportunity should be taken to search for new products, and new people, displaced by rapid economic change. The selective acquisition of skilled personnel makes particular sense at the moment, when "skill shortages" are disappearing. So does selective upgrading, through training, of the skills of existing employees.

Equally it is vital that the improvement in employee relations and the new mood of shop floor realism which the recession has generated is turned to a lasting advantage. Now is the time to get rid of restrictive practices, to re-examine and improve systems of employee communication and involvement in the business, realistic consultation systems and imaginative methods of financial participation for workers.

Many things will have changed when the upturn comes; one important general point which all boards should consider is that sterling's position as a petro-currency means an increased significance of non-price factors in the sale of British goods abroad.

Quality, design, reliability and delivery are becoming much more significant than price or even volume in a recessionary climate.

Boards must be prepared to move "up-market" in their product ranges.

This should be tied in with a "technology audit" to examine product specifications and production processes in the light of likely future developments and the activities of competitors.

Success can only be achieved if boards take a careful look at stocks and purchasing arrangements to ensure adequacy of critical supplies ahead of economic recovery—something which is obviously of particular current importance in the retail sector, but where manufacturers also must be ready for rapid response if market-share opportunities are to be grasped.

Clearly any strategic planning must concentrate above all on investment policy. One point here is simply to recognise the opportunities to improve productivity by investment in high technology equipment—even making the most of the high pound to buy abroad where necessary.

And the climate is right to examine whether it might be possible to convert some overdraft financing into core capital: to restructure financing to capitalise on the current growth in venture capital supply.

What all these suggestions involve is a recognition of the ever increasing need for the highest professional standards among company directors—not solely of ethics, but of sheer executive competence.

In 1981, through a new professional training programme geared to this science of direction, the Institute of Directors is dedicated to maximising the effectiveness of Britain's boards.

Governments can set the scene—but the responsibility for leading economic recovery in Britain is ours alone.

Walter Goldsmith,
116, Pall Mall, S.W.1.

Causes of inflation

From Mr. P. Sutton

Sir,—It is understood that many countries have inflation at levels higher than desired and which is often attributed to energy costs. In most cases this is a reasonable explanation but I would have thought that as far as Britain is concerned it should be accepted by now that our inflation is composed of four elements.

These have compounded over the years to produce the results we are experiencing and are decimalisation in the early 1970s; low productivity for many years and for a multitude of reasons; energy costs; and the move into the EEC from a low wage and cost system to a higher one.

Surely any Government and any Prime Minister is facing an impossible task in the short term and further inflation is unavoidable. It will not be substantially and permanently reduced until we reach EEC wage levels to afford EEC cost levels; our productivity is comparable with our competitors; and energy costs stabilise.

There may be a short term drop in the rate of inflation by wage restraint but that won't last long and the spiral will continue in Britain for some years to come. It seems therefore that Governments will be on a hiding to nothing for some time yet and even a real reduction in minimum lending rate will only set off another speculative investment binge, particularly in property, to be followed by higher wage demands in two years' time.

P. E. Sutton.
*10 Oldbury Road,
Enfield, Middlesex*

Care for the currency

From Mr. W. Fairweather

Sir,—Has the Government by any chance confused the debts it incurs by selling securities in order to restrain the expansion in the money supply with the debt it incurs when it spends more than its income? In the former case the debts are disinflationary whereas in the latter case they are unmistakably inflationary. If it has a disastrous mistake will have been made which could end by bringing the entire economy to a standstill.

The sale of Government securities under existing conditions is akin to the open market action of the Bank of England under the old conditions whereby the clearing banks were forced to draw on their cash reserves with the Bank in order to meet the payments of their customers judged to be excessive.

The banking changes of 1971 greatly liberated the creation of credit as the result of which loans and all other forms of credit made available by the clearing banks have risen by leaps and bounds—in the region of about £7bn, a truly alarming sum.

Most of the expenditure underlying this rise in indebtedness has been of a private and not a public character. To concentrate its attack on public expenditure as the Government has done and leave private expenditure to charge ahead in a passion to defeat inflation besides missing the main target is also likely to cause a great deal of social hardship.

One begins to wonder whether the next sign of action will be the collapse of our banking system as foreigners come to realise that the rise in banking indebtedness must end somewhere and soon.

Trade for our industries, employment for our people and means for all of us are important but for the sake of these we have for too long neglected the health of our currency on which we are all dependent in the short as well as the long run.

Please drop all this talk about monetarism and get down to a sensible discussion of our problems in terms that we can all understand. Keynes always wrote intelligible English, cannot we also?

W. G. B. Fairweather.
*8, West Grove Avenue,
Dundee.*

A living jig-saw

From Mr. A. Gray

Sir,—What some of us see is a jig-saw puzzle that is, in real terms, the financial life of the economy. Many more pieces remain to be slotted in place. Even at this stage one is moved to express the hope that the Chancellor of the Exchequer is attentively developing policy measures which will effectively shape this living and moving jig-saw of the financial economy into a creature that is beautiful and healthy rather than into one which is under-nourished, crippled and ugly.

Statistics show that debt service costs on the aggregated housing revenue account comprise 57 per cent of total expenditure, while Government subsidies represent 43 per cent of total income. Since local authority debt, for reasons of maintaining confidence in the system, must be viewed as being ultimately under-written by central authorities the net analysis of the aforementioned figures is that central government by a mere book-keeping entry pays, through the subsidies, the bulk of the debt interest charges. Under no circumstances can local authorities be viewed as being in a sound financial position because rent income is only 40 per cent of total income, which either means that the whole amount goes towards debt interest charges leaving no real income to pay housing maintenance costs or alternatively the rental income is used to pay maintenance costs but pays none of the debt interest charges.

Under this analysis one wonders whether rent increases, of whatever magnitude, are really sufficient to deal with the scale of the problem bearing in mind the existence of the rent rebate system and the growing problem of rent arrears.

It is certainly true in this context that high interest rates make the situation worse not better. Index-linked funding bears little or no relation to a true solution to a problem which has its roots in the enormous volume of extant borrowings by the whole public sector.

Economic policy (ie substantial long-term reductions in public expenditure) which has the effect of increasing unemployment is not a viable solution for the real net reduction of outstanding public debts. Real in this context may be taken to mean repayment of those debts.

If at this point it came to be reported that cries of despair had been heard emanating from No. 11 Downing Street, it would hardly be surprising if only for the reason that the main implication to be drawn from the jig-saw puzzle so far partially completed comes out as the need for substantially higher Government revenues.

Is anybody holding the piece which shows how to increase revenue without making the situation even worse?

Adrian Gray,
31, Russell Road,
Wimbledon, *S.W.19.*

Selling off the business

From Mr. C. Harley

Sir,—It seems odd to suggest selling profitable bits of the nationalised industries in order to pay wages in the unprofitable portions. A more beneficial course would be to remove the latter permanently from the realm of public competition.

The best way to achieve this is to reconstitute the Boards of all the nationalised industries conclusively and equally of the workers in, and customers of, the industry concerned. Then the workers could decide what services or products they are prepared to provide and at what cost and the customers can decide whether that price should be paid. The presently profitable portions ought to be retained to help fund the rest.

But there should be no more Government subventions or guarantees.

C. S. Harley.
*52, Rodney Street,
Liverpool 1.*

Personal tax allowances

From Mr. B. Weigold

Sir,—After so many letters on personal tax allowances it was a pleasure to read Mr. Brooksbank's (December 22).

The letter was clearly reasoned and the final sentence gave the only sensible and unprejudiced solution offered to date. A simple solution, furthermore, that avoids the completely unjustifiable distinction between so-called earned and unearned income.

Brenton M. Weigold.
*11, Mills Way,
Hutton,
Brentwood, Essex.*

Option mortgage schemes

From the Managing Director Tax File

Sir,—In these difficult times the self-employed should carefully consider the cash-flow benefits of the option mortgage scheme. Normally, due to their method of paying income tax, they have to wait a year or more to benefit from the tax relief entitlement on their home mortgage payments. If the self-employed person is not paying higher than basic rate tax (currently 30 per cent) he should consider taking out any new mortgage as an option mortgage.

There are circumstances where someone can, during the life of a mortgage, change to an option mortgage but this would need a degree of hardship caused by, say, incapacity or retirement. Building societies have recently been given more discretion in this field so an approach could be helpful.

Option mortgages are normally used by people with little or no income because they cannot take advantage of any or all tax relief available. These people make an actual cash saving with an option mortgage because they pay a lower rate of interest and the Government pays the subsidy to the lender. For example, on a repayment mortgage, the current option mortgage subsidy of 4.5 per cent means a mortgage interest rate of 10.5 per cent instead of 15 per cent. The subsidy is reduced from 4.5 per cent to 4.25 per cent on endowment mortgages.

If the current interest rate paid for a mortgage is more than 15 per cent, the subsidy does not increase above 4.5 per cent so this point needs careful attention. For anyone paying above basic rate tax, option mortgages are disadvantageous, of course.

The self-employed may not save money by switching to an option mortgage, but could improve their cash flow by several hundred pounds a year by taking the 4.5 per cent subsidy many months earlier than if it were related to their income tax payments. A change can be made only once in the life of a mortgage. So a change must make long-term as well as short-term sense.

The recently-announced drop in the mortgage interest rate to 14 per cent means the saving on the option mortgage will be reduced from 4.5 per cent to approximately 4.1 per cent.

Dennis J. Fowle,
Tax File.
*4 Valentine Place,
S.E.1.*

Trying to get a discount

From Mr. A. Elliot

Sir,—The Government tells us it wants to help small businesses. I believe this is largely talk. Let me give one example. I understand the Post Office gives discounts of approximately 50 per cent to large mail order customers. Not only that, but I understand it also lends workers to these companies to help them with their parcels. This is done at taxpayers' expense, of course.

It doesn't suit our organisation to make special forward contracts with the Post Office but if I tried to buy £5,000 worth of stamps at a time, it will not allow me even ½ per cent discount. When Governments and Post Offices tell us they are trying to help the small companies the answer they should be given is quite simple —"Rubbish."

Andrew G. Elliot
*Burlington Lodge, Bear's Den,
Kingswood, Surrey.*

Preferential treatment

From Mr. G. Greenhalgh

Sir,—Could we not devise a scheme whereby UK national oil production could be used to promote the UK national motor industry? For instance BP garages here and abroad could offer a discount for petrol delivered into BL vehicles. Alternatively UK oil could be offered only to importing countries who take an agreed quota of British cars.

G. H. Greenhalgh.
*Down Park House,
Crawley Down, Sussex.*

The Jenkins years

From Mr. E. Macfarlane

Sir,—I find an element of shrewishness in the article (December 22) about Roy Jenkins by your John Wyles in Brussels, particularly when he refers to the fact that ". . . he concentrated . . . on mobilising EEC Presidents and Prime Ministers behind broad policy objectives they were often unwilling or unable to achieve."

I think that if I had been trying to assess this aspect of Mr. Roy Jenkins' record I would have given him praise in this area rather than adverse criticism. Surely the great tendency to weakness in the European unity movement in its latter days is the reversal of the minds of Presidents and Prime Ministers away from European sovereignty to an ancient and divisive concern with narrow nationalist interests which the Treaty of Rome was specifically designed to abolish for ever.

Mrs. Thatcher's record in connection with Europe is dismal in this respect. She has openly stated her opposition to the goal of federating Europe into a "United States of Europe" somewhat on the lines of the modern U.S. This is tantamount to a determination to frustrate the will of the British people in the referendum on whether Britain should become involved in Europe. This is a very serious matter which all democrats should deplore openly. She is being a traitor to the spirit of the Treaty of Rome and all responsible editors and columnists should be at immediate pains to tell their readers and Mrs. Thatcher too — not to mention Michael Foot, Wedgwood Benn, Peter Shore, Enoch Powell and all the rest of the chauvinistic backwoodsmen who are still trying to frustrate that famous referendum decision. It isn't only men either. There are women like Barbara Castle and Mrs. Winnie Ewing whose personal sovereignty ideas remain on a "less than Europe or the world" scale and with all this potential sabotaging inclination on hand it will be a wonder if we ever achieve the original bright federal goal of the architects of the Treaty of Rome!

Let's face the fact that Mr. Jenkins has not pushed the EEC on into the federal future as hard as he might have done but he has at least "mentioned" the aim of creating a single European currency which has kept unity hopes alive because political unity must surely precede currency unity. May the next President do better!

E. G. Macfarlane.
*103 Forthill Road,
Broughty Ferry.*

Success story

From Mr. R. Clegg.

Sir, — A fundamental difference between the recessions of 1930 and 1980, seldom mentioned, is the state of farming then and now.

In 1930 the farming industry was flat on its back. For farmers survival was success. On the other hand, agriculture in 1980 is apparently one of a few successful and efficient industries and could be a rock on which recovery can be built. It is also an industry of individualists—gaffers and workers — where union influence is minimal.

R. A. Clegg.
Riddlesworth Investments,
*6, Hillside Road,
Horning, Norfolk.*

Advertising on stamps

From Mr. I. Beveridge.

Sir,—Mention in Men and Matters (December 23) of possible advertising space on American postage stamps prompts me to ask why we do not have two distinct types of postage stamp?

One would correspond to the range of ordinary second-class mail. The other would be a range of stamps to be added for first-class mail. Stamps in this range need not bear the Queen's Head, could, therefore, carry advertising matter, need not show a price but need only show the maximum weight for which they would be valid and could be bought at any time at current rates.

The cost of these first-class additions could be changed without notice, any loss to the PO by sales in advance of changes being at least partly offset by interest. Metered mail could proceed as at present.

Ian S. Beveridge.
*20 Hallhead Road,
Edinburgh.*

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Foreign cheques

With reference to the reply which appeared in Business Problems on November 19 last under the heading Foreign Cheques we are advised that at the present time if a customer has a foreign currency account with a clearing bank in the UK he is quite free to draw cheques in the normal way in the denominated currency of that account. There is nothing to stop a customer with a sterling account drawing a cheque made out in foreign currency although this might lead to problems in having that cheque accepted and cleared.

Illegal deposits

I propose to open an accommodation agency, and charge the tenant only if I am successful in giving him accommodation. Is it legal to charge him a returnable deposit, before viewing? I.e., equivalent of one week's rent? Do I have to register a name?

What you propose as to deposits would be illegal. The fee must be made payable only if the client is granted a tenancy (and not before—whether returnable or not). You do not have to register except insofar as you wish to use a name registrable under the Registration of Business Names Act 1916.

Oppressed shareholders

I understand that Section 222(f) Companies Act allows minority shareholders in companies to seek a distribution of assets of a going concern if there is no alternative to realising their investment. Does this apply to private property investment companies or does this clause relate to trading companies?

Section 222 (f) of the Companies Act 1948 does not have quite the effect which you wish. It enables a company to be wound up on just and equitable grounds. Section 210 applies to oppression of minority shareholders: but both sections have limited application, as they have been interpreted by the courts. Both sections apply to all companies.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A radical success in the Street of Gloom

Jimmy Burns reports on London's weekly magazine, Time Out

IT HAS been a bad 12 months for British newspapers and magazines: soaring production costs, declining advertising revenues, strikes, and in the case of one of Britain's most established newspapers—The Times—threatened closure and impending sale.

Time Out, London's weekly magazine, lays claim to being an exception. Interim figures just released show that in the first half of 1980 circulation increased by a staggering 20 per cent to 78,827; as a result of a promotion drive last autumn, the figure is forecast to level out at the current level of just under 83,000. This represents a 60 per cent increase in circulation over the last three years, making Time Out one of the best selling weekly magazines, not just in London but the whole of the UK.

Time Out's advertising revenue increased from £797,000 to £1.4m between January and June, an improvement which contrasts with the average plight faced by the majority of Britain's weekly publications.

The man at the centre of this success story conveys an image which is far removed from the haggard and rather ruthless personalities which tend to inhabit the higher reaches of the newspaper world. Tony Elliott, Time Out's 33-year-old publisher and proprietor, looks and acts 10 years younger than his age.

Far from weathered by his experience, Elliott seems to have been somewhat confused by it. His boyish charm betrays a naive if not total disrespect for some of the more tested guidelines of orthodox management.

During an interview, shielded behind his rather more serious financial controller, Eric Read, formerly of accountants Price Waterhouse, Elliott suggested I should take a look at his company's accounts as he was not sure how much he earned. "I think I earn about 20 to 25 'grand' . . ." Elliott said. "No, you don't," said Read, glaring somewhat uncomfortably over his company's hidden facts and figures, "You earn £10,000." It is unclear whether even the higher figure includes Elliott's "take" from Time Out's profit: he states profits as £100,000.

Elliott's apparently chaotic business sense is all the more surprising when one is reminded of Time Out's short but dramatic rise to success.

Roger Taylor

Eric Read, John Fordham and Tony Elliott with the proofs of the December 11 issue. John Lennon's death became known on the morning of December 9, and a substitute cover and four additional pages were prepared and published in the interim.

In 1968, Elliott was a bored and frustrated undergraduate at Keele University, looking and acting not too differently from the thousands of other British and European students then caught up in the maelstrom of revolutionary politics and hallucinogenics.

He shared with a proportion of this generation a middle-class background and a British public school education, and a certain disdain for what both expected of him.

Elliott has said that he did what he did out of frustration at not being able to find out about the things that most interested him. He took over the editorship of the university newspaper, but decided that this was not enough. "He wanted to find out about London," says John Fordham, Time Out's present editor, who was at university with him.

Lectures at Keele seemed out of touch with the cultural and political trends that were then sweeping Europe and the U.S., and which were being so vividly reflected in the British capital.

With the help of his mother, his girl friend, and a fellow undergraduate, Elliott collected £70, and spent it on producing a poorly stencilled four-page poster guide to "alternative" events in London. A first issue dealt mainly with rock music concerts and "fringe" theatre.

The project turned out to be an instant success; a first run of the "guide" sold 5,000 copies, without the help of either advertising or organised distribution. Elliott, his mother, and two friends, soon found themselves with the conviction of having struck a potential gold mine.

Twelve years later the embryonic Time Out has developed into an organisation employing over 60 staff and with a turnover of around £2.2m.

Elliott is self-effacing when it comes to describing his own part in creating the magazine, apart from reminding one that it was his idea that got Time Out off the ground in the first place. And in the idea, Elliott appears to have perfectly seized the business potential of a young generation: one of consumers and of innovators.

Elliott claims that Time Out has developed its own editorial personality without any interference from him. He does not, for example, attend editorial conferences on the eve of publication, even though he is aware that his political views do not always coincide with the largely left-wing stance of his staff.

Over the years Time Out's contents have been extended to include a section of news coverage which has much more in common with some of Britain's less official and successful magazines than with the more liberal newspapers along Fleet Street. Time Out's more spectacular stories have included an exposé of CIA operations in London, and an exclusive interview with one of the country's most wanted criminals.

Intolerance

"There's nothing like a good 'scoop'," says Elliott with a mischievous glint in his eyes. Yet he does not pretend to have the same kind of political commitment as his staff, at least one of whom is a member of the British Communist Party. "I find intolerance on either side of society unacceptable," declares Elliott, and he adds that some of Time Out's journalists tend to be rather "hysterical" at times.

He continues to exercise his right, as the founder of the magazine, in dismissing and appointing his editors. On the other hand his staff enjoy their own kind of power; at one stage they forced Elliott to sack his girl friend soon after he had appointed her to a top editorial post.

Such editorial compliance is somewhat incongruous given the fact that Time Out's shares, and its overall managerial control, remain firmly in Elliott's hands. There has never been any attempt to hand over financial control to the staff and turn Time Out into a co-operative.

Arguably Time Out's basic appeal has less to do with its few pages of news than with the bulk of its contents, still essentially concerned with telling what is going on in London. Its survival stems from the fact that in London there continues to be nothing quite like it.

The magazine's clearest edge over its closest rival, What's On, lies perhaps in its political spirit, expressed as much in its news items as in its listing of more avant-garde entertainments.

An attempt to start up a version of Time Out in New York in 1978 never got off the ground. After an initial investment of £25,000, Elliott backed out when he failed to meet the advertising revenue targets he had set himself for the first issue. In England, another Time Out "spin-off," a consumer magazine called Sell-Out, ran for six issues and then folded.

In retrospect the Manhattan failure is blamed on a mixture of lack of both funds and forward planning. "New Yorkers are very conservative," says Elliott. Critics blame Elliott himself. They hint that Time Out's founder may have had the good fortune to hit on one good idea in his life, and that this has made up for his own lack of managerial clout, skills, or further inspiration.

However there are indications that Time Out's widening readership, coupled with the experience of failure, may have prompted Elliott into a somewhat more market-orientated approach to his world. Over the past two years, advertising has been one area where Elliott has shown a tendency to impose his views over the political ideas of his staff.

Glossy advertising of cigarettes and drink based on scantily dressed models in seductive poses were printed only after considerable argument between Elliott and some of his journalists. And both sides continue to be divided.

John Fordham, the editor, wants some of the "sexist" advertising to be dropped altogether, since it contradicts articles in favour of women's rights which appear in Time Out.

Another area where Elliott's obvious desire to build on his success and to strengthen his company's assets appears to be conflicting with his mainly left-wing staff is on the sensitive issue of salary structures.

In Fleet Street terms, Time Out has been unique in more ways than one, and nowhere more so than in the system of parity wages which applies to most of the staff. With the exception of the editor, the management board, and Elliott himself, journalists, switchboard operators, secretaries, and messenger boys all earn approximately £8,500 a year each.

Elliott's view is that the system has "outlived its usefulness." While it may have contributed towards an element of philosophical cohesion in the early days, it has put a brake on the employment of new staff, particularly on a temporary basis. "We can't go on being a successful company unless we change it," he insists.

Journalists on Time Out disagree. They claim that even from a management perspective parity contributes to more stable industrial relations and is therefore a cost-saver.

"Unlike journalists working for other organisations, we don't spend our time spying on what we're each earning and defending our own patches. We just concentrate on our work," says a member of the editorial staff.

The staff has, in fact, not provoked a strike in two and a-half years.

"There is a strong collaborative feeling which contributes towards a feeling of loyalty to the magazine. We therefore think very seriously before provoking stoppages," say John Fordham.

Tycoon

Despite the rumblings of discontent which now echo through Time Out's ramshackle headquarters in Covent Garden, management shares the view that the disagreement will not develop into a full-scale war, not yet, at least.

"Time Out is still small enough for management and journalists to speak and listen to each other," says Eric Read.

The last word, however, must be with Elliott. He himself believes that the prospect of a decline in advertising revenue in 1981 may lead to a period of retrenchment. But he adds, with youthful gusto, that he has "absolutely no intention of getting rid of Time Out. Moreover he will continue to assure its independence by resisting the approaches of the publishing tycoons.

Indeed he appears optimistic that Time Out, with its peculiar brand of eccentric if increasingly pragmatic management, and radical editorial, will remain successful. Other more conservative, less flexible titles will disappear.

"I want to be here in five years' time and be able to tell you we have survived, even though everybody else has died."

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

Correct weight of fibres ensured

ONE OF the most expensive items in the textile trade today is the fibres it uses. Cost of these has risen astronomically over the past few years and continue on an upward spiral.

Unfortunately textile processing has been bounding ahead in terms of production speeds so that in the event of a variation happening during processing this can very quickly become a most serious matter. Maximum processing control is needed.

Nowhere is this more apparent than in non-wovens manufacture where a very even web is usually demanded by subsequent processes. But the same applies to say woollen and worsted manufacture which are based on one of the most expensive of all fibres: wool.

A persisting problem in carding the fibres to make them either into a web or a sliver before being made into non-woven fabrics or spun yarns, has been the variation in linear weight of the fibres coming from the card.

When a variation has been detected it is usually too late to make anything but a short-term correction. This causes irregularities and can be wasteful of raw materials. Feed into the cards must be as even and as regular as possible so that subsequent adjustments will not be necessary.

Two main feed systems to cards are used. The first is the traditional volumetric weighing hopper which takes an amount of fibre into a feeder and then, when this reaches a certain volume it opens and drops a dollop of fibres at the rear feed of the card. Variations are hard to prevent.

The chute feed is based on maintaining a certain level of fibres in a column across the entire width of the back of the machine. This too can lead to certain irregularities.

Now a new approach based on chip technology, has been developed commercially in Yorkshire by Haigh-Chadwick of Marsh Mills, Cleckheaton BD19 5BQ (0274 870321).

Called the Microweigh it is a weigh-pan that is pneumatically controlled but which is constantly monitored for its weight by a strain gauge. When a predetermined weight is reached the feed into the pan is stopped and there is a pause to allow any floating fibre to drop into the pan. The microprocessor then automatically registers the weight and allows the pan to deliver its drop.

With this new system it is possible to make as many as six or even more drops per minute, compared with four of the old system. But what is particularly important is that the weight dropped is measured and compared with that desired and should there be any variation from the norm a correction is made for the next drop.

It is claimed that with this high-speed system production increases of as much as 100 per cent can be achieved, while the feed weights can be held to within ±1.0 per cent.

Inserts the chips

VERO SYSTEMS (Electronic) of Sholing, Southampton (0703 440611) is offering a fully automatic insertion machine for dual in-line packages (DIP) which can operate at up to 3,000 components per hour.

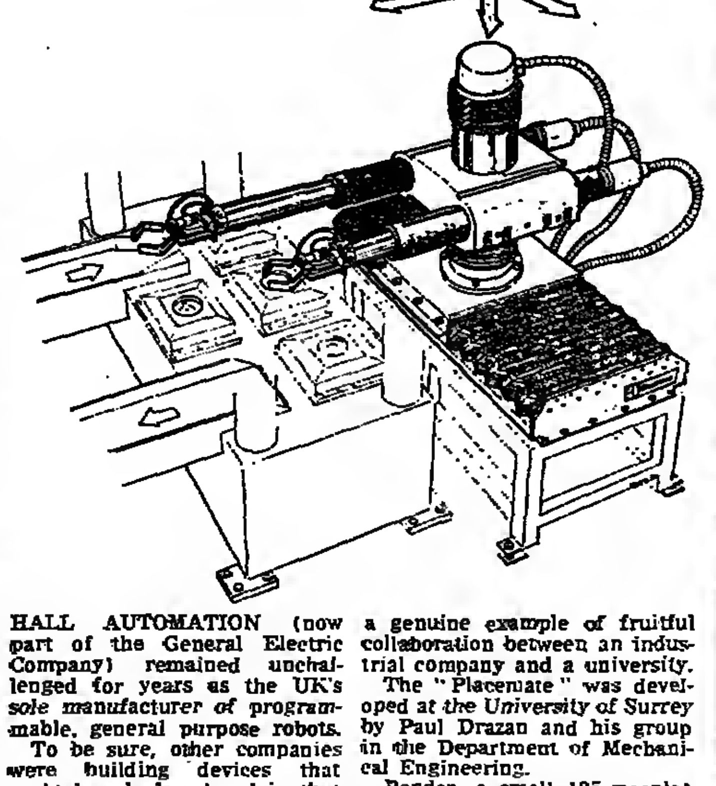
The machine is controlled by a free-standing microcomputer system which can be programmed by paper tape or disc, depending on the degree of versatility needed. CS301 DF describes the more sophisticated version and this is provided with a keyboard/printer, enabling program changes and copying to be easily affected on line.

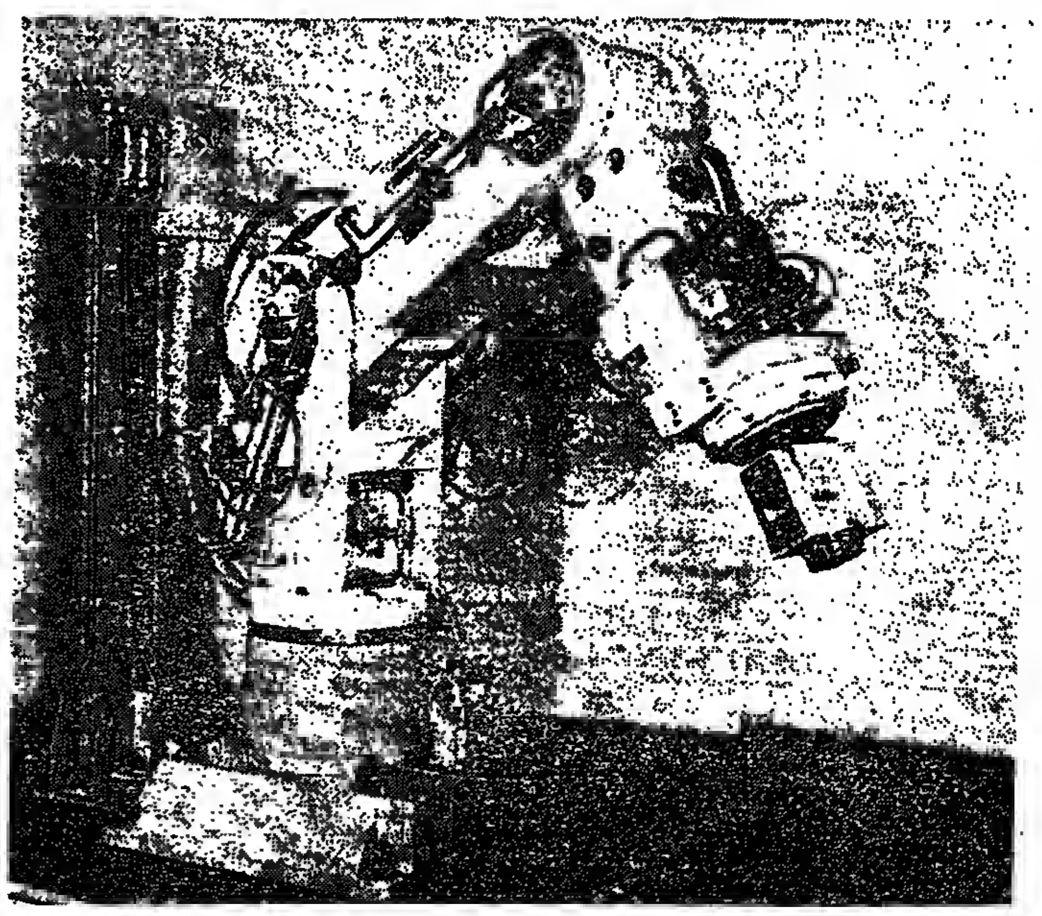
Sequencing of the various integrated circuits is accomplished off-line by a separate automatic sequencer which loads the DIP tube carriers with pre-sequenced packages. Loaded DIP tubes are exchanged for empty ones while a component buffer store maintains machine operation.

This approach of relegating automatic sequencing to a separate option has kept the cost down. The basic machine costs only £11,000 making it the most cost effective inserter available according to the company.

Another British entrant in the robot race

BY ALAN CANE





Alien robots: new industrial robot from Electrolux, left, Renault production line device, above.

HALL AUTOMATION (now part of the General Electric Company) remained unchallenged for years as the UK's sole manufacturer of programmable, general purpose robots.

To be sure, other companies were building devices that could loosely be placed in that category, but when Ingersoll Engineers produced its report on industrial robots earlier this year, it was able to identify only three other manufacturers: Taylor Hitec, which built special purpose robots for undersea and nuclear applications, Harwell which built devices for handling radioactive substances, and Teleboist, makers of servo arms for machine loading.

Now the UK situation seems to be changing for the better, even if slowly. Hall has now been joined by Pendar Technical Associates, a high technology engineering company, in the market place for general purpose robots. It is marketing a device called the "Placemate."

The new robot is doubly interesting because it seems to be a genuine example of fruitful collaboration between an industrial company and a university.

The "Placemate" was developed at the University of Surrey by Paul Drazan and his group in the Department of Mechanical Engineering.

Pendar, a small 125 people) high technology (a good per centage of the staff are university-trained and two of the directors have PhDs) were looking earlier this year for a new product to exploit.

Dr. Rick Ballard, Pendar's managing director, says he became aware of the Surrey project in the course of a series of university visits. It was ideal for his purpose; small, light, cheap and with enough final development work to be carried out to make it a worthwhile investment for Pendar.

In fact, Pendar has been working on the robot for only six months; it is a "pick and place machine" for light industrial handling—it would not be suitable, for example, for the kind of major assembly line work carried out on the Mini Metro by Unimate robots, products of one of the leading U.S. robot builders.

The "Placemate" does fulfill, however, one of the chief recommendations of the Ingersoll report — the development of robots of relatively low accuracy to be used for materials handling applications.

Each "Placemate" device costs only £12,500, compared with, say, £20,000 for a Unimate "Puma."

Low accuracy means the robot will place the load to within 1 mm of the intended position; the "Placemate" is controlled entirely by software. For higher accuracy, say to 0.1 mm, other manufacturers use mechanical stops, according to Dr. Ballard.

The robot is pneumatically operated, controlled by microcomputer and is taught its work cycle by physically taking it through the intended manufacturing process by hand, registering each individual location on a hand-held key pad.

According to Pendar: "Software facilities exist for teaching subsidiary work cycles within a main work cycle as would be encountered in palletising applications, and for the easy incorporation of input and output interrupts in the sequence of operations."

The robot is lightweight, may be mounted on wheels and for power requires only a 13 amp, 250 volt power supply and a standard 90 pounds per square inch air line.

Dr. Ballard is enthusiastic about the possibilities of industry reaping benefits from work going on in the universities: "They are ideal places for British industry to pick up ideas for new products." Pendar will tell you more about its new robot on 0278 56888.

But there should be no complacency about these first signs of a resurgency in UK robot building. The competition is already way ahead: Systec Consultants, for example, suggested earlier this year that there were already 1,200 robots in Sweden and there would be 5,000 by 1985.

By comparison, the best figures suggest that by 1978, the UK had installed only about 120 robots.

The kind of robot now being developed in Sweden is exemplified by a new device being marketed by Electrolux Industrial Systems, a major manufacturer of robots in Sweden.

It is built up of modules from its existing MHU-Junior system. It has two arms with a stroke length of 50 centimetres mounted on a column which can be vertically adjusted from 0-15 centimetres.

The arms move at a maximum speed of 100 centimetres a second and handle up to five kilograms with a positioning accuracy of 0.1 millimetre.

Like the "Placemate" the new Electrolux robot is driven by compressed air and is controlled by a microprocessor based control system.

Electrolux intend the robot to be used for handling workpieces in presses, moving components in and out of measuring devices, selection of components from a twin set of conveyors and other fast materials handling involving a complete work cycle of less than seven seconds.

The specification could have been written from the Ingersoll report which said: "There is probably a substantial market for relatively low accuracy robots with computer control for material handling tasks not related to precision machinery." Electrolux is on 08-730 51 25 in Solna, Sweden.

NEWS IN BRIEF

FAULT FINDER

A POCKET sized tester developed by Trend Communications is said to reduce the time and costs involved in identifying faults in computer and teleprinter terminals.

The tester, named the BOB-1 V24 Terminal Interface Activity Tester can be connected between the data communication equipment or modem and the data terminal where it enables the user to locate sources of trouble between the two sides of the circuitry. It can also be used to monitor V24 signals.

The passage of a signal is indicated by light-emitting diodes: sets of jump leads are provided with the tester which costs £95.00 ex VAT. Trend is on 06285 24977.

CAPACITORS

A RANGE of multilayer ceramic capacitors for decoupling or bypassing applications in electronic circuits has been announced by ITT Electronic Services.

The capacitors remove unwanted high frequency transients to the ground plane: at the frequencies used in microprocessor and memory circuits, multilayer ceramic capacitors of the kind exemplified in the new range are far superior to wound film capacitors, ITT says.

The new capacitors are rated at 50 volts and can replace 63 volt devices. Free application booklet and more information from ITT on 0279 26811.

COMPONENTS

SILICONIX has introduced two new low cost VMOS power FETs, the silicon chips which interface between low power logic circuitry and the real world of high currents and voltages.

The new chips, the VK1010 and VK1011 are capable of handling peak currents of up to one ampere and blocking voltages of up to 100 volts and 30 volts respectively.

Siliconix says freedom from secondary breakdown and thermal runaway gives these chips the advantage over their counterparts implemented in bipolar technology. Siliconix is on 0792 74681.

NEW YEAR TELEVISION and RADIO

TODAY

† Indicates programme in black and white

BBC 1

9.30 am Football Association coaching: Tactics and skills. 9.55 King Rollo. 10.00 The Red Hand Gang. 10.25 Why Don't You ...? 10.50 *Play Chess*. *11.00* "Lassie's Great Adventure." 12.30 pm Battle of the Planets. 12.55 Midday News. 1.00 Camberwick Green. 1.15 History of the Royal Observatory at Kew. 1.40 The Edinburgh Military Tattoo of 1980. 2.50 International Golf Challenge. 3.40 Bugs Bunny. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 The Record Breakers. 5.10 The Strange Affair of Adelaide *Harris*.

5.40 Evening News.
5.50 Tom and Jerry (London only).
6.00 Dad's Army starring Arthur Lowe, John Le Mesurier and Clive Dunn.
6.40 Larry Grayson's Generation Game.
7.35 Citizen Smith starring Robert Lindsay.
8.10 Birth of the Beatles: film starring Stephan Mackenna.
9.50 Main News.
10.00 *Pick of 80. Barry Took* with highlights from the year's television.
11.00 *The Good Old Days.* New Year celebrations from the City Varieties, Leeds.
12.00 am *Big Ben.*
12.01-12.50 A Happy New Year from BBC Scotland.

All Regional *programmes* as BBC1 except as follows:

BBC Cymru/Wales—5.10-5.40 pm Grange Hill. *5.50* Wales Today. 12.50 am News and Weather for Wales.

Scotland—*5.50-6.00 pm* Scottish News. 6.00 Tom and Jerry. 6.05 The Corries 21st Anniversary Concert. *6.55* Dad's Army. 11.00 Scotch and Wry Special. 11.45-12.50 am A Happy New Year from BBC Scotland (BBC1 joins at 12.01 am). 12.50 Prologue for 1981; News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.50 Northern Ireland News.

England—5.50-6.00 pm East (Norwich); North (Leeds); North-East (Newcastle); North-West (Manchester); Midlands (Birmingham); West (Bristol); South (Southampton); South-West (Plymouth).

BBC 2

10.20 am Gharbar: A New Year's Eve programme of dance and music.
11.00 Play School.
1.00 pm Racing from Cheltenham.
3.15 The Shepherd.
4.10 For Valour: General Sir John Hackett looks at medals awarded by the Crown.
†4.25 "Nicholas Nickleby": Feature film starring Derek Bond, Cedric Hardwicke and Sybil Thorndike.
6.10 The Chicken, the Egg and the Molecules. Third of The Royal Institution's *Christmas* lectures for young people, by Professor Sir David Philips, FRS.
7.10 One Hundred Great Paintings: Edwin Mullins on Gauguin.
7.20 Mid-Evening News.
7.30 Treasures from Chatsworth with the Duke and Duchess of Devonshire.
8.10 In This Your Honour: HM Queen Elizabeth The Queen Mother. Birthday Portrait.
†10.10 Clark Gable in "It Happened One Night" with Claudette Colbert.
11.55 News On 2.
12.00 am Big Ben.
12.01 The Old Grey Whistle Test: Pick of the Year.

LONDON

9.30 am Showjumping with Harvey Smith. 9.55 Animated Classic: "Robin Hoodnic." 10.40 Wild Canada: "Labrador." 11.30 *Free Time.* 11.55 *Dick Tracy* Cartoon. 12.00 pm Cloppa Castle. 12.10 Rainbow. 12.30 About Britain. 1.00 *News At One.* 1.20 Thames News. 1.30 Take The High Road. 2.00 Live From Two. 2.45 Fantasy Island: "*Goose for* the Gander/Stuntman." 3.45 Definition. 4.15 Dr. Snuggles. 4.20 *Runaround.* 4.45 *Brendon* Chase. 5.15 Batman.

5.45 News.
6.00 *Thames News.*
6.35 Crossroads.
7.00 This is Your Life.
7.30 Coronation Street.
8.00 "Gold" starring Roger Moore and Susannah York.
10.15 News.
10.30 One Man's Lauder.
11.50 The Kenny Everett *New* Year's Daze Show.
12.20 am "Sit Up and Listen" with Lord Home.

All IBA regions as London except at the following times:

ANGLIA

9.30 am The Puppy's Greatest Adventure. 9.50 The World of Wizards. 10.40 The Adventures of Tom Sawyer (1938). 12.30 pm Unforgettable New Year. 1.20 *Anglia News.* 2.45 Young Ramsay. 5.15 University Challenge. 6.00 About Anglia. 12.20 am A Message for the New Year from the Right Reverend John Waine, Bishop of St. Edmundsbury *and* Ipswich.

ATV

9.30 am The Nature of Things: The Mandi of Papua, New Guinea. 10.20 Bailey's Bird. 10.45 Circus. 11.10 Murphy's America. 12.30 pm Ukaliq: animated film of an Eskimo *legend.* 1.20 ATV News. 2.45 Young Ramsay. 5.16 Give Us A Club. 6.00 ATV Today. 6.05 Crossroads. 6.30 ATV Today.

BORDER

9.30 am Friends of Man. 9.55 Inner Space. 10.20 Morning Cinema: It's Yogi Bear. 1.20 pm Border News. 5.15 University Challenge. 6.00 Lookaround Wednesday. 10.15 *News and Border* Weather.

CHANNEL

12.30 pm Stars on Ice. 1.20 Channel Lunchtime News, What's on Where, and Weather. 2.45 Young Ramsay. 5.15 *Give Us A Clue.* 6.00 *Channel Report.* 10.15 News followed by Channel Islands Weather.

GRAMPIAN

9.25 am First Things. 9.30 The Puppy's Great Adventure. 9.50 Frosty the *Snowman.* 10.15 *Feature Film*—"Wombling Free." 11.55 Cartoon Time. 12.30 pm Eagle. 1.20 North News. 2.45 Young Ramsay. 6.00 North Tonight and Area Weather Forecast. 11.50 Welcome to the Hogmanay Ceilidh. 12.35 am Reflections.

GRANADA

9.30 am The Puppy's Great Adventure. 9.50 The World of Wizards. †10.35 Laurel and Hardy. 11.25 No Fence for Baronne. 12.30 pm Presenting *Lena Martell.* 1.20 Granada Reports. 5.16 University Challenge. 6.00 Granada Reports.

HTV

6.25 am Sesame Street. †10.25 The Prisoner of Zenda, starring Ronald Colman, Madeleine *Carroll,* Douglas *Fairbanks Jnr.* 12.30 *pm Stars On Ice.* 1.20 HTV News. †2.45 When Comedy Was King. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. *6.30* Survival. 10.25 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.19 pm Flatebalam. 4.15 *Paramount Cartoon. 4.45 Sreeon* Y Byd. 6.00 Y Dydd. 6.15 Report Wales.

SCOTTISH

9.30 am The Puppy's Great Adventure. 9.55 Frosty the Snowman. 10.15 Wombling Free. 12.30 pm Look Who's Talking. 1.20 *News Headlines* and Weather Report. 1.30 University Challenge. 2.45 Diving Over The Ocean. *5.15 Tales of Crime. 5.20 Crossroads.* 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Take The High Road. †10.15 News and Scottish News. †10.30 Stanley Baxter on Television. †11.30 A Guid New Thingummyjig with Jack McLaughlin, Kenneth McKellar, Hector Nicol, *Patricia Kay, Kelly Marie,* The Tartan Lads, The McLean Sisters, the Tannahill Weavers, The John Carmichael Band, and Hercules The Bear. 12.30 am Late Call: Rev. Scott Hutchison, from Rubislaw Church, Aberdeen.

SOUTHERN

9.30 am Call it Macaroni. 9.50 Hercules the Wrestling Bear. 10.35 Survival Special. 11.30 Unforgettable New Year. 12.30 pm University Challenge. 1.20 Southern *News.* 2.45 *Houseparty.* 3.10 *Superstar Profile.* 5.15 Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek. 12.20 am Weather, followed by A King's Singer.

TYNE TEES

9.20 am *The Good Word.* 9.25 North-East News. 9.30 Survival. 10.00 Morning Movie: "Treasure Island." 11.30 *University* Challenge. 12.30 pm The Eagle. 1.20 North-East News and Lookaround. 2.45 Danger UXB: "Dead Man's Shoes." 5.15 Gambit. 6.00 North-East News. 6.02 Crossroads. 9.25 Northern Life. 10.30 North-East News. 12.20 am Epilogue.

ULSTER

9.30 am The Puppy's Great Adventure. 9.50 Frosty The Snowman. 10.15 Feature Film: "Wombling Free." 11.55 Cartoon Time. 1.22 pm A Prayer for Today. 1.24 Cartoon Time. 2.45 Young Ramsay. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster News. 6.05 A Prayer for Today. *6.00 The New Avengers.* 10.29 Ulster Weather. 10.30 Stanley Baxter on Television. 11.30 The Hogmanay Show. 12.32 *am* A Prayer for Today.

WESTWARD

9.25 am The Amazing Years of Cinema. 9.50 Dinah Saur. 10.05 Survival. 10.30 Sesame Street. 11.30 Fangface. 12.27 pm Gus Honeybun's Birthdays. 12.30 *Stars on Ice.* 1.20 Westward News Headlines. 2.45 Young Ramsay. 5.15 Give Us A Clue. 6.00 Westward Diary. 10.31 Westward Late News. 12.20 am Faith For Life. 12.25 West Country Weather Forecast.

YORKSHIRE

9.30 am The Four Feathers. 11.20 Popeye. 11.30 Unforgettable News Year. 12.30 *pm Jack Hargreaves*—A Yorkshire Childhood. 1.20 Calendar News. 2.45 *The Last of Summer.* 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave only.

6.00 am As Radio 2. 7.00 Dave Lee Travis. 8.32 Simon Bates with The Golden *Hour* (Part 1). 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour (Part 2). 3.32 Peter Powell, including 5.30 Newsbeat. 5.45 Kate Bush (Part 2). 6.31 Radio 1 Mailbag. 7.31 Richard Skinner. 10.02-2.00 am Adrian *Juste* (S) *with Radio 1's non-stop New Year's Eve party.*

RADIO 2

5.00 am News Summary. 5.03 Colin Berry (S), including 6.15 Pause for Thought. 7.32 Terry Wogan (S), *including 9.27 Racing Bulletin.* 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S), including 1.45 Sports Desk. 2.03 Bob Kilbey's Request Show (S), including 2.45, 3.45 Sports Desk. 4.03 Much More Music (S) with David Symonds, including 4.45, 5.45 Sports Desk. 6.03 John Dunn (S), including 6.45 Sports Desk. 8.02 Listen to the Band (S). 9.45 Alan Dell with Dance Band Days. 9.15 *Semprini Serenade* (S). 9.55 Sports Desk. 10.02 Radio 2 Ballroom: Hogmanay Edition. 11.02 Ray Moore direct from the Hilton International Hotel, London with The New Year Late Show, including 12.00 am Big Ben. 2.02-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 *Your Midweek Choice* (S) Record requests (Part 1) Handel, Rossini, Schubert. 8.00 News. 8.05 Your Midweek Choice (S) (Part 2) Rimsky-Korsakov, Glazunov, Khachaturian. 9.00 News. 9.05 This Week's Composer (S) Britten. 10.00 BBC Northern Symphony Orchestra (S) Concert: Pfitzner, Beethoven, George Lloyd. 11.05 Somervell's "Maud": Song settings from Tennyson's narrative poem by Arthur Somervell. 11.45 Manchester Organ Competition 1980 (S): The final of the joint second prize-winners. 12.20 pm Hague Philharmonic Orchestra (S) Concert (Part 1): Beethoven, Carel Anton Fodor. 1.00 *News.* 1.05 Concert (S) (Part 2) Bruckner. *2.20 Music Weekly (S).* 3.19 By Arrangement with the Composer (S) violin and piano recital: arr. Stravinsky and Dushkin (Suite italienne), arr. Prokofiev and David Oistrakh (Sonata No. 2 Op. 94). 3.55 In Repertory (S) Offenbach's "The Tales of Hoffmann" —*talk illustrated by Alan Blyth.* 4.55 News. 5.00 Emil Gilels (S) Piano recital (Part 1) Schumann, Brahms. 5.40 Interval Reading. 5.45 Emil Gilels *(Part 2)* Chopin. 6.35 *A Victorian* Musical Evening (S). 7.45 Polish Chamber Orchestra (S) Concert (Part 1) Chaikovsky, Bach. 9.35 Six Continents. 9.55 Concert (S) (Part 2) Mozart. 9.45 Cowards: Story by William Saroyan. 10.10 The complete Webern (S). Three Songs Op. posth. and Cantata No. 1 Op. 29. 10.25 American Piano Music (S) Recital Gershwin, Barber, James P. Johnson, Meade Lux Lewis. 11.05 Beethoven (S) A performance of string quartet Op. 59 No. 1. 11.55 News. 12.00 am Big Ben. Welcome to the *New Year, followed by New Year Music Nocturne Op. 7 by Finzi* (S).

RADIO 4

6.00 am News Briefing. *6.10 Farming Today.* 6.25 Shipping Forecast. 6.30 Today, including 6.45 *Prayer for the Day.* 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 "Trust to Talk." 9.00 News. 9.05 Mid-Week+ Sherrin After Breakfast. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time: "Tom's Midnight Garden." 11.00 News. 11.05 *Baker's Dozen:* Richard Baker with records (S). 12.00 pm News. 12.02 You and Yours Special. 12.27 I'm Sorry, I'll Read That Again. 12.55 Weather. 1.00 The World at One. 1.35 Party Political Broadcast. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour 1980. 3.00 News. 3.02 Afternoon Theatre: "Best Side Story," by Andrew Lynch (S). 4.00 Choral Evensong from St. Paul's Church, Birmingham (S). 4.45 Short Story: "The Loved One," by H. E. Bates. 5.00 PM. *5.50 Shipping Forecast.* 5.55 Weather. 6.00 The Six O'Clock News. 6.30 What Ho! Jeeves, by P. G. Wodehouse. 7.00 News. 7.05 The Archers. 7.20 Bethlehem: What Really Happened? The Rev. Philip Crowe sets out to answer this. 8.20 *The Titanic Book List:* Celebrities choose books which they would have most liked to have seen sink without trace. 8.45 Analysis. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Old Took's Almanac: Barry Took with an alphabetical anthology of show business (S). 11.00 A Book at Bedtime: "My Apprenticeships." 11.15 Year Ending: A look back over the past year's news (S). 12.00 Big Ben and meditation *for the New Year.* 12.15 *am Shipping Forecast.*

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London, News Desk. 5.35 The Ones That Got Away (*Part 2*)—A look back at 1980, and some of the records which were almost hits. 7.00 Black Londoners.

London Broadcasting

5.00 am AM. 10.00 Peter Deeley's Phone-In. 12.00 pm Max Miller—LBC Reports. 8.00 Assignment '80—Peter Deeley. 9.00 Nightline—Mike Gardiner: Includes Dickie Arbiter Live from Trafalgar Square.

Capital Radio

6.00 am Mike Smith's Breakfast Show. 9.00 *Michael Aspel.* 12.00 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 John Sachs. 7.00 Review '80 with Ric Davies and Paul Woodley. 8.00 Alan ("Fluff") Freeman. 10.00 "Nothing But a House Party."

NEW YEAR'S DAY

† Indicates programmes in black and white

BBC 1

9.15 am Trumpton. 9.30 Football Association coaching, tactics and skills. 9.55 King Rollo. 10.00 The Red Hand Gang. 10.25 Why Don't You . . .? 10.50 Play Chess. 11.00 Lassie: "The Road Back." 12.15 pm Goldilocks and the Three Bears. 12.27 Weather. 12.30 Grandstand: Racing from Cheltenham (12.35, 1.05, 1.40, 2.15). International Basketball (12.55, 2.35) from Crystal Palace. International Ski-Jumping (1.25, 2.00, 2.55) from Garmisch. 3.10 Men v Women: International Golf Challenge. 4.00 Play School. 4.25 Mighty Mouse. 4.30 Jackanory. 4.45 Heidi. 5.05 Blue Peter. 5.35 Ivor The Engine.

5.40 Evening News.
5.50 Tom and Jerry.
6.00 The Return of Wonder Woman.
7.10 Top of the Pops.
7.55 Christmas Comedy Classic: The Good Life, starring Richard Briers.
8.25 Sink or Swim. Fourth of seven programmes starring Peter Davison.
8.53 Main News.
9.05 Papillon: Feature film starring Steve McQueen and Dustin Hoffman.
11.30 Michael Parkinson Meets James Cagney.
12.25 am Weather.

All Regional programmes as BBC1 except as follows:

BBC Cymru/Wales—5.50-6.00 pm Wales Today. 12.25 am News and Weather for Wales.

Scotland—8.25 pm Daily Record Golden Fiddle Rally. 12.25 am News and Weather for Scotland.

Northern Ireland—5.50-6.00 pm Northern Ireland News and Sport. 12.25 am News and Weather for Northern Ireland.

BBC 2

11.00 am Play School.
†3.05 pm New Year Matinee: Great Expectations, starring John Mills and Valerie Hobson.
5.00 The Chicken, The Egg and The Molecules: Fourth of The Royal Institution's Christmas Lectures for young people, by Professor Sir David Phillips, FRS.
6.00 The Importance of Being Earnest: Film starring Michael Redgrave, Dorothy Tutin, Joan Greenwood and Edith Evans.
7.35 One Hundred Great Paintings: Kandinsky.
7.45 Mid-Evening News.
7.55 New Year's Day Concert from Vienna: Traditional concert of music by the Strauss family.
9.05 Joyce Grenfell (1910-1979). A celebration of her life.
10.05 Man Alive: "Wouldn't it be Loverly!"
10.50 Genesis at The Lyceum: "The Old Grey Whistle Test."
†11.30 Clark Gable in "Red Dust," with Jean Harlow.

LONDON

9.30 am Gideon. 9.40 Stepping Stones. 9.55 Clapperboard. 10.30 *Tarzan* and the *Great* River. 12.00 pm Bank Holiday International Gymnastics: The Coca Cola Championship from the Wembley Arena. Nelli Kim will also unveil her new routine. *12.55 ITN News.* 1.00 Diving Over The Desert. 2.00 True Grit, starring John Wayne. 4.10 The Pied Piper of Hamelin. *4.45 Stainless* Steel and the Star Spies.

5.45 News.
6.00 Crossroads.
6.30 Doctor Zhivago. Film starring Omar Shariff and Julie Christie.
10.10 News.
10.20 Wood and Walters.
10.50 Christmas Spirits.
11.35 The Helen Reddy Show with her guests Jane Fonda and Elliott Gould.
12.25 am "Sit up and Listen," with Lord Home.

All IBA regions as London except at the following times:

ANGLIA

9.30 am Gideon. 10.30 Pinocchio. 11.35 pm Fantasy Island. 12.30 am A Carol for the New Year.

ATV

10.30 am The Lion Tamer. 10.40 Mork in Wonderland. 11.30 University Challenge. 11.35 am Paul Anka: Music My Way. Superstar singer, Paul Anka hosts his first-ever musical special.

BORDER

10.30 am Pinnochio. 10.10 pm News and Border weather. 11.35 Paul Anka: Music My Way.

CHANNEL

10.10 pm *News* followed by Channel Islands weather summary. 11.35 Duet for Piano and Voice. 12.30 am Weather.

GRAMPIAN

9.25 am First Thing. 10.30 "*Pinnochio.*" 11.50 Cartoon Time. 11.55 Hogmanay Show. 10.20 pm The Lena *Martell Show.* 10.50 Match Report. 11.20 Wood and Wallers. 11.50 Christmas Spirits. 12.35 am Reflections.

GRANADA

10.30 am Stowaway to the Moon. 11.35 pm *Chief of Detectives.*

HTV

10.30 am Treasure Island. 11.35 pm Roger Whittaker in Concert.

HTV Cymru/Wales—As HTV West except: 9.30-9.40 am Owain a'r Olion. 4.10 pm Ser.

SCOTTISH

10.30 am Charlie and the Great Balloon Chase. 12.10 pm Welcome to the Hogmanay Ceilidh. 1.00 Good News for Ne'erday. 1.15 The Glen Michael Cavalcade. 6.00 Crossroads. 10.20 The Lena Martell Show. 10.50 Match Report. 11.20 Wood and Wallers. 11.50 Christmas Spirits. 12.35 am Late Call: Rev. Scott Hutchison, from Rubislaw Church, Aberdeen.

SOUTHERN

11.35 pm Charlie's Angels. 12.30 am Weather followed by A King's Singer.

TYNE TEES

9.25 am The Good Word. 10.30 Pinnocchio. 11.35 pm Paul Anka in Monte Carlo. 12.20 am Three's Company.

ULSTER

10.30 am Chopper Squad. 11.30 University Challenge Special. 12.53 pm A Prayer for Today. 12.58 Lunchtime News. 5.58 Ulster News. 6.28 A Prayer for Today. 10.18 Ulster weather. *11.35 News at Bedtime.* 11.37 *A Prayer* for Today.

WESTWARD

10.30 am *Harlem Globetrotters* Meet Snow White. 11.30 University Challenge Special. 11.57 Gus Honeybun's Birthdays. 11.35 pm Duet for Piano and Voice. 12.30 Faith for Life. 12.35 West Country weather forecast.

YORKSHIRE

10.30 am Mumbly. 10.40 Rockets Galore. 11.35 pm The Entertainers: Features Iris Williams.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave only

5.00 am As Radio 2. 7.00 Dave Lee Travis. 8.32 Simon Bates with The Golden Hour (part 1). 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour (part 2). 3.32 Peter Powell, including 5.30 Newsbeat. 6.31 21 at 33 (part 1): Elton John tells his musical story. 7.31 Richard Skinner. 10.02 John Peel (S).

RADIO 2

5.00 am News Summary. 5.02 Colin *Berry* (S) *including* 6.15 Pause for Thought. 8.03 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.02 Tim Rice (S). 11.02 David Hamilton with the best of his 1980 "hot-shots" (S). 1.02 pm The Best of the News Huddlines (S). 2.02 Bob Kilbey's Request Show (S) including 2.45, 3.45 Sports Desk. 4.02 Much More Music (S) with David Symonds, including 4.45, 5.45 Sports Desk. 5.47 Aladdin and his Wonderful Lamp: A traditional pantomime (S). 6.45 Sports Desk. 7.02 Harry Secombe an hour of his favourite records (S). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Music from the Third World. 11.02 Brian Matthew with Round Midnight, including 12.00 am *Midnight Newsroom.* 2.02 *am* You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Morning Concert: Rossini, Mozart (S). 8.55 Clare's Country Characters. 9.00 News. *9.05 This Week's Composer:* Britten (S). 10.00 New Year's Day Concert from the Musikverein, Vienna. Viennese music played by the Vienna Philharmonic Orchestra conducted by Lorin Maazel (S). 10.50 Interval Reading. 1.00 pm News. 1.05 Bath Festival 1980 String Quartet recital (part 1): Haydn, Bartok (S). 1.55 Interval Reading. 2.00 Recital (part 2): Beet*hoven.* 2.45 The Gondoliers: Comic opera by Gilbert and Sullivan (S). 4.55 Schumann: Piano and Chamber music recital (S). 5.45 Bach's First Christmas at Leipzig: A performance of Cantata No. 190. "Singet dem Herrn ein neues Lied" (S). 6.05 Music for Two Pianos Recital: Berkeley, Bax (S). 6.45 Small Talk at Wrayland by Cecil Torr. *7.20 As Radio 4 UK.* 10.25 Purcell (S). 10.35 An Arch of Plaited Grass (short story). 11.00 News. 11.05 Milhaud.

RADIO 4

6.25 am Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 *Today's News:* 7.30, 8.30 *News Headlines;* 7.45 Thought for the Day. *8.45* "Trust To Talk." 9.00 News. 9.05 The Little Swallow and the Happy Prince by Oscar Wilde. Adapted as an entertainment for narrator and brass band by Alfred Bradley. 9.30 The Living World. 10.00 *News.* 10.02 Fat Man in Italy: Tom Vernon takes six bicycle trips through Italy (S). 10.30 Daily Service. 10.45 Story Time: "Tom's Midnight Garden." 11.00 *News.* 11.05 *Analysis.* 11.50 Visit to Whitechapel bell foundry to find how bells are made. 12.00 pm News. 12.02 You and Yours Special: 1981 International Year of Disabled People. 12.27 Never Too Late: Comedy series with Thora Hird (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 *News.* 3.02 Afternoon Theatre: "Sweet Logic" by Bob Wilson (S). 3.50 Fritz Spiegl's Musical Alphabet: "M." 4.05 Bookshelf. 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 The Six O'clock News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Handel's Messiah Concert: BBC Northern Symphony Orchestra (part 1) (S). 8.20 Memories of Walter de la Mare: talk from the sound archives. 9.40 Handel's Messiah Concert (part 2) (S). 10.05 Opera 80. 10.25 The World Tonight. 11.00 A Book at Bedtime. 11.15 Whisky: A Celebration—A look at the impact of whisky on Scottish society and art. 12.00 News; weather report. 12.15 am Shipping forecast.

BBC Radio London

8.03 am Guy Hornsby and Mike Gray look at events around London. 9.03 The Robbie Vincent Telephone programme. 1.03 pm Stuart Colman's Rock Biz Quiz. 2.00 Fun Fair '81. 6.00 Crusader 80: David Carter's personal impressions of the large series of co-ordinated military exercises. 7.00 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am Morning Music. 8.00 AM: Steve Allen and Bob Holness. 10.00 Peter Deeley's Phone-In. 12.00 pm LBC Reports—John Perkins. 1.00 Sportswatch—Derek Mitchell. 6.00 LBC Reports—Max Miller. 7.00 Sherlock Holmes—Greg Strange. 9.00 Assignment '80—Peter Deeley. 10.00 Nightline—Mike Gardiner.

Capital Radio

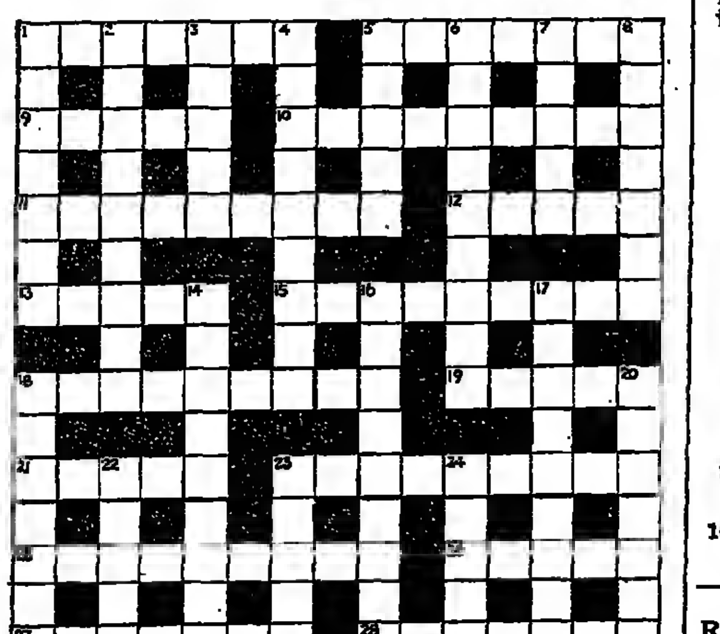
8.00 am Kerry Juby. 9.00 Peter Young: Music Awards 1981. 12.00 Dave Cash. 3.00 pm John Sachs. 7.00 Mike Allen. 10.00 Tony Myatt.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

F.T. CROSSWORD PUZZLE No. 4,457



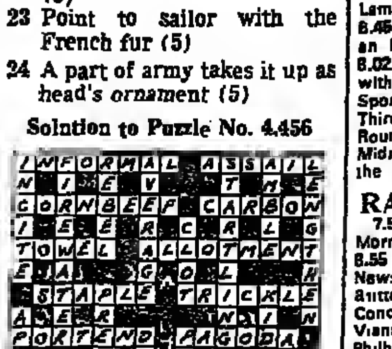
ACROSS

1 Northern river very near drive (3, 4)
5 Tired little female trailed behind (7)
9 Argue with piano guide (5)
10 Month copper got round to behold *explorer* (5, 4)
11 Church gets a firm imperial order to pass on (5, 2, 2)
12 Extra weight a student considers calamitous (5)
13 Shelter honoured companion to old doctor (5)
15 More and more pay crumpled (9)
18 Scheme having no chance, getting whistled around morning (4, 5)
19 Placed saw for auditor (5)
21 *Right hand* ought to doctor diamond (5)
23 Those on 28 hope there's a catch in it (6, 3)
25 Striking pain-killer needs to have greater strength (9)
26 Forest as you like it featured (5)
27 Remains live with upper-class interior (7)
28 Bar keeping high-fliers in suspense (7)

DOWN

1 Local to head one American State (7)
2 Look at composition of mascara (3, 4-2)
3 Avoid commitment to hot-head on border (5)
4 Speed advance of stall (9)
5 Overlook endless fashion (5)
6 A clown upset on loch by unsociability (9)
7 Butter outside right with old coin (5)
8 Daughter has lots of *meaningless scrawls* (7)
14 Screen sure to be bigoted (9)
16 Happen top honours will win (4, 5)
17 Irritated when attacked with advantage (3, 2, 4)
18 Place to milk average beginner belonging to us (7)
20 Cadet entering to conceal easing of tension (7)
22 Has to divert bad language (5)
23 Point to sailor with the French fur (5)
24 A part of army takes it up as head's *ornament* (5)

Solution to Puzzle No. 4,456



Kybo best bet in Colt's big race at Cheltenham

RACING

BY DOMINIC WIGAN

SELDOM CAN there have been a better mid-week meeting at Cheltenham than today's New Year's Eve programme, built around three valuable events *sponsored* by the Colt Car Company.

The Japanese company, which withdrew support from the Grand National after backing the 1979 race because it thought it *did* not win enough *good* publicity from the race, has put up £10,000 towards today's three prizes.

Although only three go to post for the most valuable of of these, the Colt Car Diamond Chase, the trio includes Kybo, perhaps one of the country's most illustrious recruits to chasing and certainly one of the most popular novices.

In the Colt Car Corinium Hurdle, Fred Winter returns Derring Rose to the fray in an event which also sees Random Leg, Hill of Slane and Silver Tycoon in action; and the Colt Car Platinum Novices Chase has attracted four chasers already successful this term.

On all known forms Kybo should make short work of his two opponents, Gandy VI and Choral Festival, in the 2½-mile Diamond event.

Isadore Kerman's Candy Cane Bay, who showed such promise over fences before being sidelined about a year ago by minor leg trouble, returned with all his old zest intact at Ascot on December 23. There, Josh Gifford's charge obliged against *all* expectations in the Frogmore Handicap, putting up his most startling display to date, considering that he was tackling talented and race-fit opponents over an *inadequate* trip following a long lay-off.

Ridden to take the advantage at the final fence in that two-mile chase, Kybo put in a *spectacular* leap which gave him what proved to be a decisive lead over Dramatist, to whom he was conceding 2 lbs.

In view of the runner-up subsequent six-length victory over the redoubtable Beacon Light at Kempton, in which the Walwyn nine-year-old confirmed his Ascot superiority over the Turnell chaser by virtually the same margin on identical terms, there are no grounds for doubting the worth of the Frogmore form.

Barring a repeat of the error which *robbed Kybo* of a place in the 1979 Champion Hurdle, the Sussex seven-year-old is *likely* to maintain *his winning* sequence at the chief expense of Charbonnier's Chepstow conqueror, Gandy VI.

On the afternoon when Kybo and Bob Champion were reunited at Ascot, Derring Rose—equipped with blinkers following a sour display at the previous meeting on the Berkshire course—proved another staunch ally of the bookmakers as he returned to his best in the 3½-mile Long Walk Hurdle. Despite nearly flattening the penultimate flight, John Francome's mount was always travelling too well for John Cherry and won, easing up, by five lengths.

Derring Rose is another sure to be despatched at prohibitive odds and in his case prospective backers will do well to ponder his refusal to race on his second appearance of the season.

In what should prove to be an informative contest for the Colt Car Platinum Novices Chase, Pillager's supporters seem sure of a good run for their money as Kybo's stable-companion attempts to take advantage of a 4 lb concession from Tilthammer Mill. Pillager, an ex-Irish half-brother to that smart Spartan General chaser *Gylippus*, was travelling well in a similar event won by Hallex Pep at Uttoxeter recently until tiring close to home.

CHELTENHAM

12.45—Ancient Britain
1.15—Hectare
1.50—Silver Tycoon**
2.25—Kybo
3.00—Pillager***
3.30—Capitano

CATTERICK

12.30—Arctic Tribune
1.30—Annointed
2.30—Spin Again*

هكذا من الأصل

Television

Not many plums in the pudding

by CHRIS DUNKLEY

The last year of the decade (a new decade starts tomorrow, the first of the Christian era having ended on December 31, 10 AD) was not a vintage one for television. There were of course some good programmes: *Public School* comes to mind, and an oddity from Granada called *The All-Amerikan All-Nite Show*, and BBC 2's *Not The Nine O'Clock News*, for instance—more about those in a moment.

But since British television now transmits some 12,000 hours of programmes in a year it would be surprising if there wasn't the occasional good one. What is rather distressing and ominous is that the number of high quality programmes seems to remain about the same while the total output goes up, the effect being that the proportion of good programmes goes down. Maybe that is inevitable with a static population; perhaps 55m people are just not capable of throwing up more than a fixed number of truly gifted programme makers.

But if that is so, the prospects for Channel 4—which, we learned in the autumn, is to be run by two excellent programme makers - turned - executives, Jeremy Isaacs and Paul Bonner—must surely be rather dismal since it will stretch the finite supply of talent thinner than ever. If it is argued that that is not so, and that plenty of fresh expertise can be found to supply a whole new channel (and soon after that, breakfast television, too) one is surely justified in asking why some of it hasn't been employed earlier in improving or replacing a lot of the rubbish currently on offer.

Looking first of all at broad trends, 1980 seems to me to have been a year in which television has become more certain than ever that series and serial production is its true métier.

It has been a good year for documentary series, a modest year for drama serials, and a poor year for the single play.

The chat show has not just prospered but has increased expotentially and spread into more and more areas.

On the other hand, faction, the often uneasy marriage of fact and fiction, has not expanded at the rate feared by its greatest detractors, though it certainly has not disappeared.

Good regular current affairs series seemed fewer and further between in 1980 than in (say) 1965.

There were many more tatty plastic all-time ghastly boo-boos than in an average year.

The year began with a wonderful factual series from Thames TV called *Hollywood* which even opened the eyes of some of us who thought we knew quite a lot about the silent cinema. It left a painful and so far unfilled desire to see television broadcasting in full some of the tantalisingly glimpsed marvels of the silent era, but it did fulfil its self appointed task of charting the development of Hollywood—industry, town and myth—superbly well.

The same spring season brought one of the most detailed and informative documentary series about a foreign country which I can remember: BBC 1's *Inside Japan*, which took on a place we once thought utterly mysterious and have lately characterised as a pool of cheap and docile labour, and showed how wrong both preconceptions were.

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Later in the summer BBC 2 brought even more remote locations and exotic customs into our homes with the series *Last Place on Earth: Zanskar* which looked breathtakingly beautiful. The series described a social system which on first acquaintance seemed simpler and—measured by crime rates and happiness — more successful than our own. But slowly (it seemed almost against the will of the programme makers) a sinister feel of mediaeval ethics and practices emerged.

Most remarkable of all, the documentary series in the first half of the year was an addition to the BBC's admirable body of work exploring the workings of institutions from the inside: after *Sailor* and *Hospital* we were shown *Public School*, and the outrage of critics and commentators who had acclaimed the earlier works knew no bounds. To their fury the school series did not show all public schoolboys as chinless, brainless, rich pooftahs but as the mixture, often rather impressive, which they really are. The year ended with yet another such series, *Strangeways*, which did just as tellingly for a prison what the earlier work did for a school.

Much more patchy was the series *Great Railway Journeys of the World* which ended up, sad to say, looking like what it was: a series inspired by the sales arm of the BBC. No doubt it will sell its seven parts around the world because of the wide distribution of the journeys. But if good and gripping programmes are your aim there is no substitute for starting with the passionate commitment of the programme maker. Start instead with an idea, however good, from the sales force and anything excellent you happen to get will be fortuitous. In this series they hit lucky with Deccan in which magic occured between the traveller (Brian Thompson) and the area (southern India) and seeped out enchantingly all over the screen. The others were mostly very ordinary.

There were two valuable series about art, both once again from the BBC. *The Shock of the New* suffered a little from being, or seeming to be, a set of written theses with added illustration, fascinatingly written but still based more firmly in the world of letters than that of moving pictures. Robert Hughes was refreshingly disrespectful however about the idols of modern art. *100 Great Paintings*, each to be given 10 minutes in separate little programmes, was a bright idea which is still proving fascinating.

If obliged to choose the year's three best single documentaries I would nominate Richard Mabey's lyrical yet highly informative "World About Us" on wild flowers called *The Flowering of Britain*, Jonathan Dimbleby's *In Evidence — The Bomb* made by Yorkshire, and Tony Smith's masterly analysis of trends in mass communication *Goodbye Gutenberg*.

In drama there were fewer series or serials to savour, though Jonathan Powell continued his extraordinary run of success with a delightful *Pride and Prejudice* in the spring, while Thames offered a starkly contrasting social, historical and geographical background to family affairs in *Fox*. This saga of a London godfather deteriorated rather fast, even its London locations seeming to lose their vividness.

In the autumn Thames ventured to the other extreme with *Love in a cold climate*, combining both of Nancy Mitford's "Love" novels in one serial adaptation. But a complete lack of sympathy with the Mitford sense of humour (seemingly) left a stark picture of the English county set, and pretty unprepossessing it has been.

Two productions not far removed from soap opera have proved more engrossing: *Blind Ambition*, imported from the U.S. and telling the Watergate story yet again but, astonishingly, without ever becoming tedious; and *To Serve Them All My Days*, the endless saga of a mineworker's socialist son teaching in a public school, which is still in the process of proving—if further proof is needed—that literature from the top of the second division television's best adaptation fodder.

In drama, too triumphs in the single programme format were rare, this year's first really notable offering being *Blade On the Feather* from London Weekend in October. A nice pastiche of both the Christie country house murder and the Le Carré spy thriller, it came perilously close to dazzling the viewer with the high gloss of its production values. But at least it had a *strong* and wholly comprehensible plot which is more than could be said for the other two works in the Dennis Potter trilogy.

Three other memorable plays have come from the BBC in the last few weeks: *The Happy Autumn Fields*, a poignantly evocative fantasy about Victorian social solidity; *My Dear Palestrina* which employed sentiment but virtually no syrup in observing a boy growing up: and *Minor Complications* which starred Paolo Dionisotti in a magnificent performance as the wronged hospital patient. This work was one of several contributions to a healthy and invigorating, though clearly unorganised, attack on the mystery and obscurantism of many medics which television and radio mounted in such programmes as *Panorama* and *The Reith Lectures* in 1980.

The slow and hitherto somewhat dreary progress of the BC's Shakespeare marathon was given a mighty shove in October when the first work under the new producer, Jonathan Miller, turned out to be a striking version of *Taming of the Shrew* with John Cleese cast unpredictably as Petruchio.

Faction worked badly when fiction sought to exploit fact (Fay Weldon with *Life for Christine*) and much better when drama was the handmaiden to journalism (Phil Speight and Edwin Pearce with *The Trial of Lady Chatterley*, and Peter Goodchild, Peter Prince and Barry Davis with *Oppenheimer*).

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Russell Harty and Michael Parkinson were each given far too many programmes for the interest they could sustain, and *Friday Night, Saturday Morning* proved that almost anybody could do the job as well or better, from lyric writer Tim Rice to anthropologist Desmond Morris. More and more previously distinct types of programmes aspired to the condition of the chat show: *Pro-Celebrity Golf* was a chat show on grass and, as this column has noted throughout the year, the BBC has waded enthusiastically into Pro-Celebrity Culture with famous faces chatting about painting (*Peter Ustinov And Natalie Wood At The Hermitage*—I really didn't invent that title) about books (*All About Books* which was actually all about celebrities) and about television itself (*Did You See* as in "Did you see Mugg and Spike again. . . ?").

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In current affairs there was little of real novelty. Rows with Government, bureaucracies, and special interest groups are now commonplace but television is at last beginning, perhaps, to learn how to deal with them. BBC2's *Newsnight* established itself firmly as a late evening oasis of quality and seriousness, and *Question Time* gained stature, not least from Robin Day's increased benignity and his amusing thumbnail sketches of his guests. *World In Action* was often back to its tough and brave old self after rocky patches in 1979, and Granada also provided one of the year's most compulsively viewable curiosities on the night of the U.S. Presidential election: *The All-American All-Nite Show* which hinted at what can happen when television is as freely accessible and almost as widely used as print.

In a year horribly bereft of original comedy, *Not The Nine O'Clock News* gleamed like a fittingly naughty deed in a darkly wicked world. But after praising the talented team of Stephenson, Atkinson, Jones and Smith, and mourning their decision not to make any more *NTNOCN* one could muse on the idea that they might—just might—owe a little something to BBC2 and their fans, and that the speed with which they plan to move on, Python-like, to seek individual fortunes elsewhere could be a little shameful.

Not as shameful, however, as *Arthur C. Clarke's Mysterious World*, the greatest mystery in which was the fee paid to the wily old SF writer for standing on the beach in Ceylon saying hello and goodbye and little else for each episode. *The Greeks* took a similarly "Oooh my!" attitude towards the understanding of our world, and the less said about *Rushton's Illustrated* the better.

Most surprising of the year's flops was Magnus Magnusson's *Vikings!* which set out to prove how loveable and misunderstood the Norsemen were but merely succeeded in proving that the only thing more boring than a dead barbarian with a Zapata moustache is two of them with indistinguishable surnames.

Roll on the new decade, Channel 4, breakfast telly (7/4 on the BBC getting in first), electronic news gathering, videodiscs, cable vision, pay-TV via fibre optics, direct satellite transmissions to the home—and pray God somebody makes a few good programmes in 1981.

Elizabeth Garvie as Elizabeth Bennet in "Pride and Prejudice," BBC-2

Denholm Elliott and Donald Pleasence in Dennis Potter's 'Blade on the Feather' from London Weekend.

Violins in Helsinki

by DOMINIC GILL

When the temperature outside is an ear-freezing, lip-cracking 18 degrees below zero, and midnight begins at 4 o'clock in the afternoon, one of the better places to be in Helsinki (if not snug in bed) is snug inside the Finlandia Concert Hall listening to violin concertos.

A single violin concerto coupled with, say, an overture and a symphony, could do very well by itself as a refuge from the wind and snow: musical traditions in Finland are strong, and standards high. But if he times his visit right, the violinophile in search of warmth could better that figure by no less than 15. During one particular December week in Helsinki, eight supremely talented young violinists line up for the final round of the Sibelius Violin Competition — as they have every five years since 1965, the centenary of the composer's birth—to play two concertos each in the space of four days.

Monday & Tuesday. The first to appear is the youngest entrant: Hu Kun, a 17-year-old from the People's Republic of China. Each finalist must play the Sibelius concerto and another chosen from a list of nine. Hu Kun chooses the Chaikovsky — a remarkable, curiously unreal performance, difficult to assess: quick, bright attack, impeccable intonation, agile fingers. But every bar gives the vivid impression of a brilliantly learned exercise: a weird sensation of listening to a recording (or, as it were, a violin Ampico roll) by someone else entirely. Undoubtedly a gifted boy: but how to place such ghostly perfection?

19-year-old Pyry Mikkola from Finland plays the Sibelius: warm and gentle, but without edge; some troubled intonation, and a small tone that lacks power on the C string — his is a careful lyrical performance, without soar or surge. There is a buzz of electricity around the hall as the next finalist, Viktoria Mullova from the Soviet Union, aged 21, walks on to the stage: a tall and willowy, grave-faced girl who has the commanding presence that makes an audience sit up and fall silent before she has played a note. And indeed her Chaikovsky concerto is an astonishing display — everything that Hu Kun's was not: married to a flawless technique and enormous tonal range is a powerful and original musical personality. There is wildness and feline passion, too, behind the awesome control. We are capitvated: this, surely, must be the first prize?

Lidia Shutko, an older (b.1947) compatriot of Mullova, plays the Sibelius with force and authority, but without any of Mullova's irresistible sparkle. The vibrato is a little overwhelming; the physical manner is very tense: there is an uncomfortable sense that at any moment the whole performance could slip terribly off the rails. In Kaija Saarikettu from Finland, aged 23, we hear another greatly attractive young violinist of world class. She chooses the Brahms concerto; and though this evening her playing is clearly below par, it is a reading of enormous richness and persuasion. Her violin sound is the most sheerly beautiful of any we have heard so far. In the finale there are a few passing technical fluffs which matter not at all: no doubt the jury will hold them against her.

Sergey Stadler, aged 18, is the third Soviet finalist (statistically the geographical distribution of finalists is wholly predictable, except for a surprising absence of Japanese). Stadler's technique is rock-solid, his reflexes are razor-sharp, and he gives the Sibelius with marvellous confidence and drive. It is an admirable performance: and I find it also remarkably vulgar and faceless, without real poetry or inner light. Andres Cardenes, a Cuban-American of the same age as Saarikettu, offers a superb account next of Prokofiev's first concerto, big, robust, delicately coloured, subtly and deftly rounded. The technique is no less secure than Stadler's, but the musical current is far more vital, engaging and direct. With last year's Carl Flesch Competition still fresh in the memory, I am incurably cynical about juries: if I know anything about it at all, they will rank Stadler, for his outstanding profiency alone, far ahead of a real, vulnerable unpredictable poet of the violin like Saarikettu: and for his powerfully individual perceptions, they will like Cardenes less. Juries can recognise outright star quality, and they can recognise incompetence; but in between, they are all at sea.

Olivier Charlier, a Frenchman of 19, comes last. His Sibelius is most impressive: a strong-boned, full-blooded, high-flying performance that takes all manner of exhilarating risks, and wins them nine times out of ten. I specially liked the uncliched, unexpected phrasings and attacks, the strong, warm tone, and the firm, flexible lyrical sense. (By far the greater part of the audience for this competition seems to be made up of teenage girls. Is it the handsome, curly-headed Charlier they are waiting for: or is the new generation of Finnish womanhood just unusually crazy about violins?)

Wednesday and Thursday. Hearing each of the eight finalists' second concertos brings no surprises: no upsets or reversals. Mullova's Sibelius is a stunning tour de force, ravishing of sonority, dazzling in its control of long, vocal lines. She throws herself fearlessly into the last-movement cadenza: when she finishes, the audience will not let her go. No question where she is to be placed. Saarikettu is desperately nervous: but technically flawed as it may be, her Sibelius I find wonderfully eloquent in its intimate speaking quality, and in its dark, lyrical surge. Stadler's Chaikovsky is brilliant and dull: Hu Kun's Sibelius sounds like a note-for-note copy of Heifetz: Cardenes' Sibelius is magnificent, in its fashion the equal of Mullova's: Charlier's Chaikovsky begins nervously, but soon finds its stride, vivid and forthright; Shutko's Mendelssohn falls down badly, unfocused, its best moments never sustained.

I make up my own prize list, in order: Mullova (for her unique charisma), Cardenes, Charlier, Saarikettu, Stadler, Mikkola, Hu Kun, Shutko. The ordering of the first four names reflects personal preference (though essentially the ranks are interchangeable: at such a level there are no "better" violinists, only different ones). But the dividing line between the first and the last four is crystal clear: gold and silver, genius and talent, cheese and chalk. The jury come in from the cold to announce their order, the official list: 1, Mullova; 2, Stadler; 3, Cardenes; 4, Charlier; 5, Hu Kun; 6, Mikkola; 7, Saarikettu; 8, Shutko. Careful they may be; unpredictable they are not.

Theatre de la Monnaie, Brussels

Where the Wild Things Are

Almost any English-speaking parent with children between five and twenty will know the name of Maurice Sendak—the author and illustrator of such wryly fantastick, drily inventive, slyly disobedient stories as *Higglety, Pigglety, Pop! Chicken Soup with Rice, The Night Kitchen* and *Where the Wild Things Are*. The books are themselves almost silent operas in their combination of visual extravagence and pithy contrapuntal argument; and Sendak's words, spoken aloud, have a special, recognisable, zany music of their own. It was only a matter of time before someone, somewhere put Sendak on to the music-theatre stage.

Two years ago the English composer Oliver Knussen turned first to *Higglety*, and in collaboration with Sendak sketched a preliminary draft; but in response to a direct commission from the Brussels Opera early in 1979, the choice fell on *Where the Wild Things Are*—the strange story of naughty Max and his voyage (and back again) to the land of the kindly, puzzled Wild Things, who crown him their King.

The Wild Things, just stage-ready but still unfinished by the day of its premiere in Brussels this month, is a more ambitious undertaking than for example either Henze's *Pollicino* or Peter Maxwell Davies's *Cinderella*, both designed to be played and sung by children: it is an opera in two acts written for the resources of a major opera house, and intended for performance, by professionals, to audiences of adults and children alike.

The ground-plan was from the start that of a real fantasy opera, in the tradition of *Hänsel und Gretel*—a genre which both Knussen and Sendak felt to have been sadly neglected during the past half-century or so in favour of works written for children to sing and play themselves: a laudable development, but hardly a replacement for the magic theatre of Humperdinck, or for that matter of Ravel's *L'Enfant et les sortilèges* (whose final "Maman" was in a sense "the sound from which our ideas grew"). The score of *The Wild Things* is headed by quotations from Mussorgsky (*Boris Godunov*) and Debussy (*La Boîte à joujoux*)—which can both be heard at certain points in the music, but are more important still as symbols of the authors' intentions. When Knussen and Sendak first met, they both agreed that their favourite "children's opera" was the second act of *Boris*. The characterisation of the Tsar's children, and of their relationship to him, they found nothing short of miraculous; they were conscious of a towering (and relatively untapped) example for their composed musical characterisation of Sendak's children. Another Mussorgskian source, more purely musical, was *The Nursery*, particularly the fourth and last songs.

Debussy's admiration for *The Nursery* is well known; the boy Yniold in *Pelléas* is a true descendant of Mussorgsky's children. But the later music which Debussy wrote with his daughter Chouchou in mind—*Children's Corner* and *La Boîte à joujoux*—has more of a bearing on Knussen's approach to the music of *The Wild Things*. Debussy's music for his daughter is *not* watered-down Debussy, but the real thing—albeit with certain harmonic areas "lit" in particularly gentle and subtle ways. *Joujoux* is certainly not *Jeux*: but it is recognisably by the same composer of the same period. In the same way, Knussen "wanted to write music as immediate and as colourful as I knew how, that my own daughter and open-minded children of her generation can accept (probably better than adults!), but which is emphatically not written *down* to young children."

His score calls for a smallish band of 48 players (including a Mozartean string section, four basses, flutes and reeds, three trombones but no trumpets, four horns, harp and piano duet). The music itself is an intriguing, insinuating hybrid of many colours; as well as the explicit echoes of Mussorgsky and Debussy, there are pages of exuberant magiix in which the shades of Chaikovsky and Strauss are summoned, and others in which the sihouettes bear closer resemblance to Stravinsky and Milhaud. But there is never any sense of falling directly into pastiche. The marvellous, windy bedroom music of the main transformation scene — visually also a real coup de théâtre — is more like Chaikovsky than Mussorgsky, more Ravel than Debussy: but essentially like neither.

The performance I attended (sung in English, introduced in French and Flemish, but presented by its French title of *Max et les maximonstres*) was packed with parties of primary-school children who provided enthusiastic vocal accompaniment and commentary. I was aware of missing a lot of delicate instrumental colour—sinuous threads of oboe and harp, dark shades of reed and brass—in the predominant paedophony. But no matter: what was audible was a real, if tantalising pleasure—an overall impression of an orchestral canvas both vivid and original, worked with remarkable economy of musical effect, and achieved through subtle (though *compositionally* often complex) use of the simplest material. Has an instrumental imitation of a vacuum-cleaner (as Mother sweeps into the second scene) ever sounded at once so real and so musically deft?

For his libretto, Sendak has fleshed out the story without losing any of the pungency and poetry of the original—every line is finely balanced, eminently singable. He has also added an *extra ingredient*, an hysterical, gibbering language for the Wild Things, which he calls "pidgin Yiddish."

Jane Manning's little-boy Max was an impressive virtuoso assumption, bright and unflappable, and beautifully tuned. The scenery and costumes are Sendak's own (his only previous operatic venture has been the design of a *Magic Flute* for Houston): a marvellous cornucopia of stage-magic and grotesquerie copied precisely, though in many cases amplified and embroidered, from the illustrations for the book.

The score of the second act (both together last about 45 minutes) is not yet completely finished: the wild rumpus music in particular, now mainly percussive, is due to be generously filled out, and the "March to find the moon" is presumably still only a sketch. There is really too much scenery, too tightly crammed, for the relatively small stage of the Théâtre de la monnaie: but in somewhere like the Coliseum, The Wild Things would fit magnificently well. There is every reason, and every reason to hope, that it will. Meanwhile, a London concert performance—are the London Sinfonietta listening?—is the next best thing.

DOMINIC GILL

Shaw

Aladdin

by ANTONY THORNCROFT

In theory you can't go wrong with pantomime. The plots are dramatic, twisting, and primed to hit deep-seated human emotions; the characters offer opportunities for the finest ham acting; the special effects give the back stage crew the chance to show off its skills; there is music; there is intriguing sexual innuendo with the trans-sexual role playing; there is a captive audience of awe-struck children; there is comedy. Or is there? The fact is that most pantomimes are let down by very dreary, witless, scripts. The opportunities in the spectacle are fluffed.

So it was with some expectation that I went to the Aladdin at the Shaw. It is written by Chris Emmett who is credited with the very funny radio programme *The Burkiss Way*. But in the event the curse has struck him and only fleetingly does the script rise above the routine, and the start is painfully slow. But gradually the magic of it all starts to work and by the end what threatened to be a run-of-the-mill panto became fairly acceptable. At least the children enjoyed it, which is all that matters.

There is definite skimping on the sets, costumes and special effects which suggests a lack of imagination but the action is brisk and the text is as clean as a whistle and aimed, quite rightly, at children. The cast looks as if it is enjoying itself and while only Graham Richards as Wishee (and for once, the dancers) shine, you can compliment the rest on good ensemble playing. A modest Aladdin, but agreeable and on target for local families.

Wigmore Hall

Flute and harp

by DAVID MURRAY

The combination is natural and attractive, of course, and it has inspired plenty of pretty trivia. On Saturday the flautist was William Bennett and the harpist Osian Ellis, so we had the right to expect at least trivia of a high order. From that category we had a winning example, Ludwig Spohr's Sonata Concertante in E flat, played with brilliance and affection in equal measures: it boasts a glittering Allegro in which both players shone, and Mr. Bennett drew out the melting line of the Adagio with evident delight.

There was also William Alwyn's Fantasy Sonata "Naïades," in which a sturdy, old-fashioned construction—original within those limits—is concealed beneath a seductive neo-Impressionist surface. Were it 60 years older, it might count as the archetypal flute-and-harp piece, exploiting the charms of the duo with knowledgeable sympathy. Fauré's little flute *Fantaisie* took well enough to a harp accompaniment (and Bennett lavished subtleties of colour upon it); the only solo harp work was a modestly expert Little Suite by Colin Matthews, but Mr. Ellis offered several Welsh folk songs with oblique, engaging parts for his own instrument and the flute.

The least luxurious music—the oldest—provided the happiest surprises. One might have thought the harp, too liquid to make a good continuo instrument for Bach's G minor flute sonata, but Ellis made his part so crisp and energetic that there was no sense of *ad hoc* compromise. Bennett's long-limbed poise in Bach's line was faultless as always. He played two unaccompanied Telemann fantasias, too, suggesting marvellous depths by discreet touches: the springing grace of the Gigue in the B minor Fantasia was a small triumph of musicianship.

Richmond

Babes-in-the-Wood

by CHRIS DUNKLEY

The Richmond pantomime is like a showman's steam engine: old-fashioned and reliable yet impressively bright and shiny and firing loudly on all cylinders. Best of all, in spite of its staunchly conventional structure, it is actually a brand new production so, as scene follows scene—no less than 13, from the schoolroom to the deep dark forest—each set of backcloths, scenery and costumes comes up sparkling fresh. Pantomime afficionados will know that that is quite something in these days of make-do-and-mend when an outfit can last 15 years and more on the panto circuit.

Richmond has done as much as any theatre to preserve the spirit of true pantomime and in directing *Babes-In-The-Wood* Roger Redfarn proudly carries on the tradition. This is no mere vehicle for adult television variety, although Christopher Timothy, the star of "All Creatures Great and Small" who plays the good robber, does mention the vet series a couple of times during his double act with Bernard Bresslaw who is in his element as the bad robber; and Eric Flynn as an odiously villainous Sheriff of Nottingham boasts about coming from the land of Golden Delicious, threatens punishment to anyone eating Coxes, and insults the inhabitants of Richmond. But such local and topical gags are as much a part of true pantomime as are a principal boy with long legs and a dame with five pairs of bloomers, and they produce an enthusiastic storm of hissing and booing.

The principal boy is Anita Harris who not only has one of the longest pairs of legs in the business, but must surely be one of the few members of the younger generation strong enough in voice and character to carry off a rendering of "There'll Always Be An England" without a hint of a snigger. Terry Scott, who clearly exults in being a dame, is allowed the full repertoire: flinging sweets to the audience, leading community singing, and of course an endless disrobing scene. (What on earth did dames do before Velcro?)

Indeed, if Which? magazine covered pantomimes Richmond's would be a "best buy." It includes the finest dressed woodland animal sequence that I have seen in 25 panto seasons, a highly effective "black theatre" toy ballet with dancing skittles and puppets, and a good sword fight. No wonder it was packed from the pit to the gallery.

FORECASTS 1981

OIL

Uncertainty over price and production levels will persist

THE INTERNATIONAL oil market has assumed new characteristics which could become even more evident thia year. Gone is the fear that the world has *insufficient* oil reserves to meet demand. In its place is concern that further Middle East disturbances, major accident or deliberate production restraint by the big oil nations will prevent the plentiful reserves being exploited to their potential. As a result shortages could *still* arise—they are just much more difficult to predict.

This year's balance between aupply and demand could be reasonably romfortable. Consumption levels will remain *depressed* as a result of the continuing bleak economic climate, a trend towards the greater use of roal snd nuclear power and the hard-to-qusntify impact of conservation messures.

Recent *figures* show that two months ago output from the Organisation of Petroleum Exporting Countries fell to a 10-year low of just 23.3m barrels a day—almost 8m b/d less than a year earlier. It is worth noting that in September, 1979, British Petroleum's "think tank" published a report showing that 1980 OPEC production would have to be between *30m and* 36m *b/d.* Such are the bazarda of oil industry forecasting.

Estimatea circulating st OPEC's recent ministerial meeting in Bali, Indonesia, suggested that non-communist world oil consumption in 1981 *could* average 49.3m barrels e day, one per cent less than in 1980 which, in turn, was 5.7 per cent below 1979 levels.

Non-OPEC producers—in particular the U.S., Canada, Mexico, the UK and *Norway*—were expected to produce between 24m and 25m b/d, appreciably more than in 1980 and a 75 per cent increase over non-OPEC output in spring, 1976.

This raises the first questioo about this year's balance. There is considersble doubt wbether non-OPEC members will raise output although Dr. Subroto, Indonesia's Energy Minister and the new president of OPEC, bas warned Western producers against being unduly restrictive with their own depletion policies. He said that OPEC could not be expected to shoulder all the responsibility of adjusting nutput to meet worldwide demand. It is a message that Dr. Subroto will be carrying to Mr. David Howell, Energy Secretary, and otber Western energy ministers during the course of this year.

For its part OPEC expects to produce between 24m and 26m b/d during 1980. Much will depend on how long the Iranian-Iraqi war continuea. Ministers of the exporting nations were last month talking about the possibility of Iraq producing as much as 1.4m b/d this year and Iran yielding around 800,000 b/d. But the West would do well not to bank on such production levels.

Similarly Ssudi Arabia's producing intentiona will be crucial. There is no immediate aign that it will lower output from the present level of about 10.3m b/d. But it remains an uncomfortable fact thta the kingdom would prefer to produce 8.5m b/d; thst it could lower output to 6m b/d without cresting long-term production prohlems; and that it *needs* to produce only 3m b/d to finance its ambitious development programmes.

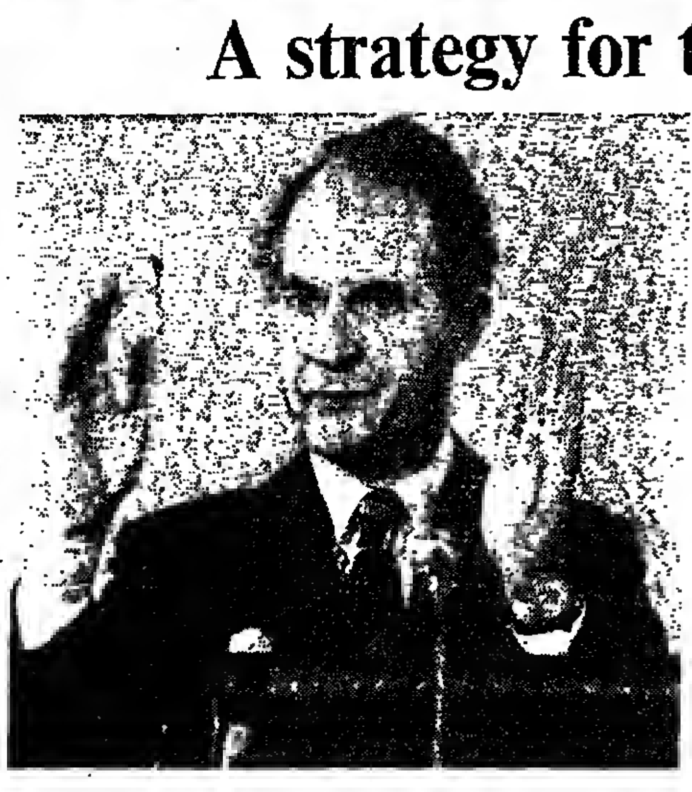
In addition to all these factors the supply/demand equilibrium will be maintained only if the West is judicious in the *way* it *manages* its record stock levels. Too quick a drawdown would leave importers vulnerable to sbortages next winter; a very limited stock draw would antagonise OPEC and might provoke barmful prodnction-cutting retaliation. The Eastern bloc's willingness to continue with its modest exports will also be significant.

Given the reasonable chances *that there will* be sufficient *oil* to meet dampened demand, the prospects for some respite from big price increases are alao fairly good. OPEC decided on a messy pricing formula which ahould result in an overall 9-10 *per cent price* increase being imposed during the next week nr so. This will take the average price to around $35 a barrel. OPEC might attempt to counteract worldwide inflation by pressing for a further 5 per cent increase at its meeting in Switzerland this summer.

Assuming Iran and Iraq patch up their differences and the oil market remains fairly calm, we *could* see OPEC attempting to restore pricing unity towards the end of the year. It is still the exporters' intention to establish a single reference price against which the tariffs of all other crudes cao be set. Once this has been accomplished OPEC would then begin applying regular price increases linked to the West's economic growth rates and inflation as well as currency fluctuations.

RAY DAFTER

A strategy for the medium term



A time for hope

A NEW YEAR is a time of hope: a time for looking forward and a time for resolutions. Everyone of us will hope that 1981 will bring an easing of the economic recession which has shut down so many factories, put more than two million people out of work, and driven thousands of businesses into liquidation. But hope alone is not enough. We must plan for a better and more prosperous future: and baving laid our plans we must reaolve to exercise the necessary self-discipline to ensure tbey achieve fulfilment.

Samuel Smiles, in his treatise on self-help, wrote: "We often discover what *will* do, by finding out what will not do: and probably he *who* never made a mistake never made a discovery."

We have *certainly* found out what will not do. We cannot keep factories open and provide work for people unless we manufacture and sell products that customers want at prices they are prepared to psy. We have discovered that if our overseas competitors make equally attractive goods and sell them more cheaply, we shall bave difficulty maintaining, let alone increasing our share of world markets. If we do not *sell our goods* we do *not make* any profit. Without profits there is no investment. Without investment there can be no new jobs. It is a vicioua circle.

We are gainiog a better understanding of our problems: of control of public spending, inflationary pay settlements, our over-strong currency, high interest rates, poor productivity and abysmally low profitability.

So what must we do? Our aim must be to create conditions for growth, employment and prosperity. That is why the CBI bas embarked aa a matter of urgency on the preparation of a medium-term strategy for the economy to belp us make some difficult but essential decisions. It is clearly on productivity and competitiveness, and on avoidance of future pay inflstion, that we must concentrate our efforts. But we must ensnre that in seeking to kill inflation we do not damage our industrial base so *badly* that manufacturing industry *is* incapable of meeting the upsurge in demand that will rome *with* the end of *the* recession. We cannot expect to reap a rich harvest if we have already eaten most of the seed-corn. That is why investment in new technology and in new productive capacity is so imnortant.

Some other countries are already well acroas the threshold of a technological revolution that will have a far greater impact on our lives than the industrial revolution of Samuel Smiles's day. The first industrial revolution made Britain one of tbe most prosperous nations in the world. The technological revo*lution of our* times could bave *an* equally *dramatic* effect on our living standards.

Britain's husinessmeo have a *firm* belief in the principle of self-help. Business is about risk-taking and there la no lack of willingness to take what risks are necessary to win a profitable shsre of world markets. We have a lot going for us. Britain is the only major industrial nation that is self-sufficient *in energy.* We are politically stsble. We have outstanding commercial and financial expertise. Our people bave an inherent skill and ingenuity.

There are also encouraging signs that we hsve learned some important lessons from our recent difficulties. Many companies are improving their efficiency and productivity; pay settlements are being negotiated st lower levels, and inflation if coming down. The Government is making a determined effort to limit public spending. There appeara to be a greater *willingness* to see more money go to profits so as to improve investment and job prospects. Our medium-term strategy, which we bope to publisb in March, will look carefully at bow we can create the right ronditions to encourage investment. The essential thing is to make Britisb products and services more attractive than those of other countries and to *make* sure tbat our rosts are fully competitive.

Above all, we need to generate *self-confidence* and a determination to win. Let us sbake off tbe gloom and pnsh ahead in tbe knowledge that in 1981 we can lay firm foundations for a happier and more prosperous future.

SIR TERENCE BECKETT

Director General of the Confederation of British Industry

MOTORS

International links are increasing, but full mergers are unlikely

THE COMING year will be extremely difficult for the motor industry. For some companies it could be calsmitous. The cyclical *downturn* in demand which was to be expected in the esrly 1980s has in some major markets been transformed into severe recession by the action of governments determined to keep inflation under control.

Output of cars in the U.S. this year was rigbt back to 1959 levels. Commercial vehicle production was at its lowest since 1967. And demand, wbich had shown signs of picking up, has wilted again in the face of bigh interest rates.

In the UK, car production hss fallen below 1m for the first time since 1957 snd the industry regularly acbieved better figures in the 1950s. Commercial vehicle output fell back to the 1967 level.

Otber merkets are not ao bsdly sffected as the U.S. snd the *UK. But in 1981* even Japan is likely to experience its first fall in vebicle output since the post-oil-crisis hiccup in 1974.

The Japanese ronfounded everybody in 1980, s yesr in which cars and commercial vehicle production was also supposed to drop back. But the pressures for restraint in exports to the U.S. and Europe are bound to be reflected in the production statistics in 1981.

Significantly, the only bright spot in the forecasts is Spain. This country is attrecting the attention of many of the world's motor manufacturers and is destined to become a major element in the European industry.

General Motors' new plants in *Spain* do not come on *stream* until 1983. However, aa the 1980s progress the Iberian peninsula (Portugal as well as Spain) will benefit from the manufacturers' interest in the "sun belt." This will be mainly at the expense of West Germany and its vebicle assembly satellite Belgium.

Ironically, this is not because the German industry is weak. Quite the reverse. The *German* companies are well aware that the days of the tradltionsl exporter of vebicles seem to be numbered and are setting up manufacturing and assembly operations wherever markets are big enough and it *is* politically possible to do so.

The deal *Volkswagen* is contemplating with Nissan to have medium-sized Audis made under licence in Japan could be signed in 1981 to provide a prime example of this approacb.

The American multi-nationals *have already set* the pattern. They believe that the only way possible to capture a reasonable share of Far East markets must be via assembly in the most efficient country in that part of the world — Japan.

The immediate problems of 1981 — over-capacity, weak demand and squeezed profit margins at a time when compenies need to invest more than ever *before — will* exacerbate the underlying stresses within the industry in the West.

Governments, however reluctantly, will be forced to become further embroiled in the industry's problems. But they will have to accept that the msjor cut-back in jobs provided by the Industry will get even worse in 1981 and that employment is unlikely again to reach the level of the late-1970s.

Chrysler will once again provide the U.S. Government with an enormous headache. It will need further finaneial support unless there is an unexpectedly steep rise in total car sales combined with a sharp increase in Chrysler's market share.

The Italian Government bas already ahown its willingness to come to Fiat's aid. The French hardly seem likely to allow the Peugeot-Citroen-Talbot group to collapse if Government help can prevent it. And the UK Government will probably give BL another £1bn *to see* it through the next two years.

Nearly all the world's major motor companies bave already established links of one sort or another between themselves. By the end of 1981 these links will be even more difficult to plot.

There is still no sign of a truly European group—as compared with the current position wbere there are national companies with European networks — emerging from the restructuring process.

Such is the importaoce of the industry in terms of wealth and job creation that full-blooded, cross-frontier mergers are unlikely, even in the extreme circumstances expected in 1981.

During the rest of the 1980s *it is unlikely that any of the* major marques will disappear. But there will be many more cross-ties and links between the European companies; many shades of relationship will develop.

Optimists in the industry insist that most major markets will experience an upturn in demand towards the end of 1981 Then, they say, there should be a very gradual recovery towards a new peak in 1985. They take heart from the fact that cars and trucks are an essential part of modern life.

KEN GOODING

WORLD CAR OUTPUT

('000 units)	1979 actual	1980 forecast	1981 forecast
U.S.	8,411	6,200	6,200
Canada	988	830	800
West Germany	3,933	3,600	3,500
France	3,222	2,900	2,800
Italy	1,481	1,350	1,300
Japan	6,176	6,600	6,000
Spain	966	950	980
U.K.	1,070	950	980

Source: Economist Intelligence Unit

ELECTRONICS

Semiconductor makers are continuing to invest in new products

NEXT YEAR is the tenth anniversary of the microprocessor. It will be celebrated by a further avalancbe of ingenious new products in computers, communications and consumer electronics, *all* made possible by the invention of the tiny device. There will also be some interesting developments in the design of the chips themselves.

But it is much less certain how the electronics industry itself will fare. At the end of 1980, it presented a mixed picture. Some parts were still booming away, while otbers were displaying the unmistakeable scars of the *recession.*

The contrasts are exemplified by two events earlier this month. In New York, a meteorically successful microcomputer company called Apple went public st a price-earnings ratio of about 40. In London ICL, Britain's only big computer manufacturer, reported s 46 per cent drop in pre-tax profits for the yeer.

ICL's problems, though exacerbated by the strength of sterling, sre not unique among manufacturers of larger computers. In an industry where the prices of machines keep falling by about 15 per cent a year, even IBM is *finding* it harder to make money st a time when tbe growth of demand is off its peak.

In semiconductor manufacturing, the front line of the electronics industry, suppliers are scrutinising next year's economic forecasts with more than usual concern. They had hoped that in the U.S., which consumes about $6bn of semiconductors annually, the recovery from recession that started late tbis year would continue into next.

Now, with prime rates soaring to new beights, they are less sure. Some have revised their forecasts for the growth in tbe value of shipments downwarda to as little as 10 per cent. In an industry which has to run to stand still, and whose U.S. sbipments rose by more than 40 per cent in 1979, that is bad news.

In Europe, prospects are *even* bleaker. Mr. Dedy Saban, European Marketing Director of Motorola of the U.S., thinks that the market may grow by only 5 per cent or less next year. He thinks that demand will be srongest in France and weakest in Britain end West Germany.

But American semiconductor manufscturers are determined not to repest their mistakes during the last rough patcb in 1974-75 when tbey cut back savagely on investment and were unprepared for a sudden surge in demand two years later. They are continuing to invest in the development of new products and in the increasingly expensive equipment needed to manufacture them.

The talk of the industry *is* who will win the rontest for supremacy in the new generation of memory chips, konwn as 64-K RAMs (Random Access Memories). These store about 65,000 bits of data on a piece of *silicon* covering 1/25th of a square inch and have four times the capacity of the current industry standard, the 16-K RAM.

About 20 companies sre in the race, most of them American. They also include *six Japanese manufacturers,* who have esteblished themselves as a major force in the world microchip market over the past three years, and Inmos, Britain's *state-backed* veoture into micro-electronics manufacturing.

But with so many suppliers preparing to enter a sluggish market, there is bound to be downward pressure on prices. Already, forecasts of the average selling price of 64-K RAMs *next year* have been reduced to around $20 each from about $40 as recently as last spring. That parallels a similar drop in the prices of other components already in wide use.

In these conditions, the winners may be those companies who can produce the devices at the lowest cost. Inmos is one of a small bunch of manufacturers who claim to have an advantage through a technique called redundancy. This enables defective circuits on a chip to be replaced after manufacture, thereby improving dramatically output of components which *function* correctly.

The semicooductor industry believes that demand for *its* products will be strongest among manufacturers of equipment designed to cut costs and increase efficiency. In particular, tbey are pinning their hopes on industrial and process control equipment, smaller computers and office products such as *word processors.*

GUY DE JONQUIERES

STEEL

Further restructuring within Europe may help to restore stability

THE DECADE begao with large sections of the world steel industry facing serious difficulties and uncertainty continues to dominate tbe future.

Steel consumption in the main industrialised countries is forecast by tbe International *Iron* and Steel Institute to rise by only 2.1 per cent during 1981. While tbere sbould be an appreciable improvement in demand in tbe United States, whicb suffered the sbarpest drop in production during 1980, a furtber *decline is expected in* the EEC.

In Japan a slight recovery is expected towards the end of 1981 but tbis will not be strong enough to prevent an overall drop of some 3m tonnes is *overall production during* the year.

Mr. Lenhard Holschuh, secretary general of the Institute, has stressed that even the most general predictions about the strength of any possible upturn *in the* steel industry next year must be treated with caution. So uncertain are the leading steelmakers about the immediate future that the IISI bas been unable to produce any estimate of likely investment in 1981.

The continuing impact of tbe recession is the most immediate factor depressing steel demand. But behind thia is the overriding problem of excess capacity. Although the possibility of there being a shortage of steel during the next economic upturn bas not been totally discounted, it la ronsidered improbable.

Capacity problems play a central part in the efforts of tbe EEC Commission to maintsin price and production stability withio Europe, snd in the further restructuring of the British steel industry on which the Government will begin making decisions next month.

The European industry, following the breakdown of the voluntary Davignon Plan, is now in the hands of mandatory production controls under Article 58 of the Treaty of Paris. These are due to expire by June at the latest and the leading European steelmakers will be anxious to try to negotiate a new voluntary alternative to further mandatory regulations as soon as possible.

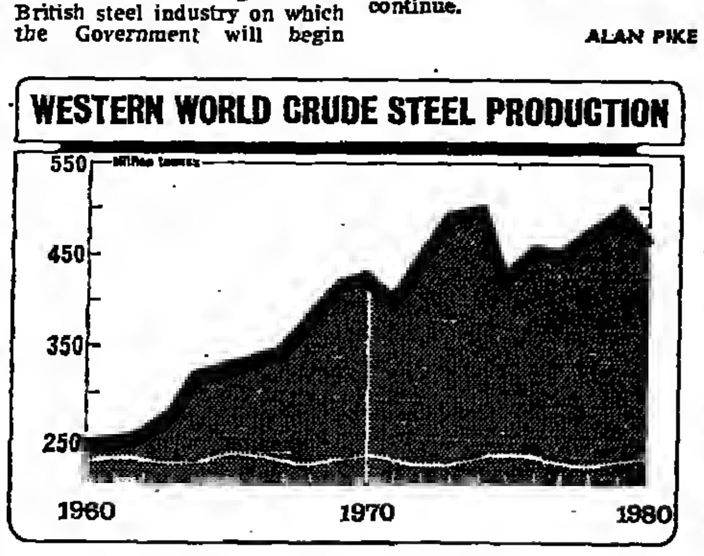
Efforts are being made by tbe European Coal and Steel Community to stop EEC states continuing to subsidise uneconomic operations and introducing unnecessary new capacity, and tbese are being strongly supported by tbe British Government. Britain believes tbat there is between 20m and 25m tonnes of excess capacity within Europe and the efforts to restructure the Britisb industry will be frustrated if there is not similsr action elsewbere.

The *proposals* for the British Steel Corporation contained in a new corporate plan *from* Mr. Ian MacGregor, its cbairman, envisage only a fractional cut in capacity on top of the reduction from 21½m liquid tonnes to 15m whicb BSC has undertaken during 1980. But Mr. MacGregor proposes *to eliminate at least* 20,000 more jobs, tbe majority in a drive to reduce the corporation's costs and improve productivity.

The developing countries forecast an expansion of another 6.3 per cent in *steel* demand during 1981 which would give them 22 per cent of the Western world's steel consumption. Growth in some of tbe developing countries' steel industries has been considerable ana tbis *trend promises* to continue.

ALAN PIKE

WESTERN WORLD CRUDE STEEL PRODUCTION



MACHINE TOOLS

Japanese success in NC equipment has added to manufacturers' problems

PROSPECTS for the *machine* tool industry *in* 1981 are poor. The economic recession and the bigh cost of borrowing will affect adversely the level of capital investment in many manufacturing sectors. Competitive pressures will intensify, makiog it difficult for all but the most efficient and/or specialised machine tool manufacturers to make a reasonable return.

The industry had already been through a major rationalisation pbase over the last decade in those countries where machine tool builders have a long tradition, notably in the U.S., West Germany and the UK. Other nations which have well-established machine *tool* industries, particularly Switzerland, France and Italy, have tended to go in for more specialisation. The French industry has recently been under considerable pressure leading to the collapse of one or two key companies.

The one exception is the Japanese industry which has concentrated on the growth market for computer controlled machine tools. After making significant inroads into tbe U.S. market, Japan has launched a sales campaign in the leading European economies. *Between* 1978 and 1979, imports of Japanese lathes (NC and non-NC) into the UK went up by 72 per cent, into France by 36 per cent, and into West Germany by 51 per cent.

The weskness of large parts of manufacturing industry in the developed countries, however, has led to investment forecasts being revised downwards, at least for the coming year. Two major exceptions are the automotive and aerospace sectors, which continue to provide the most buoyant outlets for the makers of machine tools. The North American automotive industry, struggling *painfully* to *adjust* to changing customer needs arising from the *big increase* in energy prices, is keeping to its massive investment plans.

The U.S. machine tool industry still has a big backlog of orders to fulfil and is itself starting to benefit from its own decision to *invest* more heavily in labour-saving machinery. But *the* North American market is still likely to offer export opportunities for the European and Japanese machine tool manufacturers.

HAZEL DUFFY

TEXTILES

Too many producers are still chasing to few customers

THE TEXTILE industry in most parts of the world enters 1981 more apprehensive, more uncertain, and perbaps most crucially, more divided than for many years. Throughout Europe the industry is waiting to see when the *destocking* by its own retailer customers and generally lower spending by consumers lift sufficiently for bigher levels of manufacturing activity to be resumed. In Britain the very severe pressure on the industry *in 1980 bas brought* about an unprecedanted 100,000 drop in the lsbour force to a year-end total of only around 650,000. In some of the worst-hit sectors, sucb as cotton and man-made fibres, the fall in production bas been of the order of 25 per cent or more.

At the same time tbe principal overseas suppliers to Europe in the Far East and elsewhere are *looking anxiously* for signs of an upturn in the developed countries. Exports by tbe major Far Eastern suppliers, such as Hong Kong, to the UK and other big markets bave fallen away this year because of the recession, *though* in e number of product areas import penetration bas risen because of an even steeper fall in domestic production. In many products this year, however, developing country suppliers have *found it* difficult to fill the quotas allocated to them under the GATT Multi Fibre Arrangement, as a result of reductions in ordering by big retail customers anxious to reduce stocks and cut down on heavy interest charges.

The timing of any pick-up in Europe remains uncertain, and is likely in any case to occur after different intervals in the various countries. The UK recession started earlier and bas beeo deeper, and there are now some signs of improved conditions over recent weeks. At present bowever the improvement probably represents little more than the *seasonal* recovery that is to be expected as companies replenish depleted stocks and prepare for the spring 1981 season and there is little confidence in the industry that a sustained climb out of tha trough is likely *much* before the end of next year.

The same spectre, too, haunts the industry in both the developed and developing world. The recently announced OPEC price rise could delay recovery from recession in the developed countries or at any rate divert expenditure away from clothing again. The higher costs of energy will at the same time put *further pressure* on the developing countries to generate much needed foreign exchange by increasing textile exports.

This dilemma provides a less than encouraging background for the *renegotiation* during the course of 1981 of the Multi Fibre Arrangement (MFA), and agreement now seems unlikely to be reached easily.

The position is complicated further by tbe emergence of *the U.S. as a major textile* exporter. American companies have captured a significant share of the UK market in fibres, carpets and household textiles and are moving into other product areas and other European markets. How far they do so may depend on another difficult set of negotiations which the EEC Council of Ministers bas asked the Commission to arrange as a matter of urgency with its American counterparts in the New Year. The textile industry in 1981 looks like being characterised yet again therefore by too many producers chasing too few markets. Governments, too, seem likely whether they want to or not to be drawn increasingly into the politics of international textile trading over the next year.

RHYS DAVID

CHEMICALS

The slump in demand has been made worse by chronic overcapacity

THE PAST YEAR has been a bad one *for Europe's* beavy chemical producers. None of the major companies have made profits on their petrochemical operations during tbe past nine months, many bave made substantial losses and most see *little prospect of an* improvement in trading conditions during the early months of 1981.

Tbe general recession hit petrochemical producers with a vengeance around the end of the first quarter of 1980. Demand dropped suddenly and dramatically—sometimes by as mnch as 30 per cent. Prices plummeted also as the chemical companies' main customers felt the impact of the economic downturn.

Yet the effect of the slump on petrochemical manufacturers was intensified by *two* factors, both of the industry's own making. One was overcapacity and tha othar was the cbemical industry's lack of discipline on *pricing.*

These two problems aeem set to *remain after* the recessinn ends. Seven weeks ago the European Council of Chemical Manufacturers Federations forecast severe overcapacity in most of the mejor petrochemicals until at least 1984. The forecast, based on detailed information from the chemical industries of *most Western* European countries, suggests, for example, that in three years' time Enrope's ethylene capacity will exceed demand by some 3.7m tonnes a year.

Yet ethylene is the so-called building block of the petrochemical industry and it is used *in the making* of a buge range of products including solvents, fibres and plastics.

A panic rush to cut prices in a desperate effort to maintain market share was a feature of the chemical indnstry's activities in the last depression of 1974 as well as in the latest slump. *In 1980* the industry found a convenient scapegoat in the influx of cheap ebemical imports from the U.S.

But it could be argued that the real heart of the trouble was the way the European companies reacted to the U.S. exports, which was to lower prices to below break even point.

ETHYLENE IN W. EUROPE
(m. tonnes)

	Capacity	Consumption
1979	14.7	12.2
1980	16.0	10.6
1981	16.9	12.0
1984	17.6	13.9

Source: CEFIC estimates

The US attack on the European chemical market is expected to cease as soon es the economic upswing begins in America. But the U.S. producers bave not limited their assault to the European industry's own backyard. They have *also* grabbed market share from the Europeans in so-called third markets—such as the Far East—and all the signs are that the Americans bave no intention of relinquishing these newly won gains.

This is almost certain to make life tougher for the European companies during the coming year. And what is worse, they can now see on the horizon a very real threat to their own domestic market from the Middle East. 1980 has been characterised by *a series of joint* venture agreements to build petrochemical plants in such countries as Saudi Arabia, where gaa and oil-based raw materials are plentiful and cheap.

There is now a very real chance that low price petrochemicals will start coming into the European market from the Middle East in *about 10 years'* time, in substantial quantities. Yet there seems no guarantee that the European industry will have learnt more pricing discipline by then—or that it will have fully solved its difficulties with overcapacity.

SUE CAMERON

هكذا من الأصل

FORECASTS 1981

AEROSPACE

Some new programmes may be delayed but order books are substantial

THE AEROSPACE industry continues to enjoy a high level of activity, fulfilling order books which amount to over £5bn—over £3bn for civil and military aircraft, guided weapons and space equipment, and some £2bn for aero-engines.

The main impact of the recession has been to slow the inflow of new orders for the next generation of airliners and engines. But towards the end of 1980 there were signs that the doldrums in new orders might be passing. Substantial contracts were placed by such airlines as Delta and American in the U.S., and Middle East Airlines of the Lebanon. Carriers, concerned about the effects of rising fuel costs on their ageing fleets, began to jockey for favourable delivery positions in the queues for new airliners.

On the military front, soaring defence costs have begun to force NATO Governments to reappraise their budgets, leading to a £200m cut in UK spending for 1981-82, with perhaps comparable cuts in the near future in other countries' spending, notably that of West Germany. At the year's end, the precise impact of such cuts in defence procurement programmes for military aircraft, engines and missiles, were still being worked out, but it will be surprising if some equipment programmes are not curtailed in the first half of 1981.

Overall, however, the volume of business remaining is likely to sustain the defence manufacturing side of the Western aerospace industries at a high level through 1981, although there may be some pockets of difficulty stemming from the slow-down of some individual programmes. It is possible that some stretch-out of the Tornado multi-role combat aircraft, and its associated RB-199 engine, might occur.

Some decisions on new military programmes might be delayed. These include a replacement for the Jaguar jet strike-trainer, a new version of the Harrier jump-jet fighter for the RAF, and purchase of a new advanced AV-8B Harrier for the U.S. Marine Corps. Some major new missile programmes may also be slowed, although outright cancellations do not seem likely at least in the near term.

The UK industry's high level of activity is reflected in the export returns for the first nine months of last year, which showed shipments of close to £1.3bn, overtaking the total for the whole of 1979. For 1980 as a whole, the total could reach over £1.5bn. Despite the high level of imports during 1980, amounting to some £1.15bn, reflecting substantially the inflow of new wide-bodied and other jet airliners from the U.S. to UK airliner fleets, the UK industry continued to achieve a surplus on its balance of payments account.

But the export figures also reveal some significant trends. The nine months' figures show a substantial volume of parts business, on aircraft and engines first delivered many years ago. In aircraft, for example, out of total shipments of over £643m, parts accounted for over £482m. Similarly, in engines, out of total shipments of over £542m, parts and refurbished engines accounted for over £360m. While this illustrates the substantial long-term business that can accrue from aircraft and engines first put into production as long as twenty years ago, thus justifying the original investment, it also indicates the industry's need for some new civil and military programmes with which to fill the factories in the later 1980s and 1990s. This is especially so on the civil side, where the bulk of the UK's contribution to the new generation of jets is concentrated on the wings for the A-300 and A-310 Airbuses and on the development of the four-engined British Aerospace 146 feeder-jet.

What appears to be needed is at least one major new programme on the civil side with which to keep the industry busy in the years ahead. The most exciting opportunity appears to be offered by the possible development of a new series of 130-160 seater airliners, through the aegis of Airbus Industrie, called the Single Aisle or SA series. Because Airbus Industrie's capacity is likely to be fully taken up in the years ahead with existing versions of the Airbus, it seems that the design, development and production on such a new venture could most usefully be undertaken in the UK, with parts being supplied by many other companies throughout Western Europe. Work on such an idea is being pushed ahead, and it is hoped that Airbus Industrie may clarify its plan in this direction some time during the coming year. Because of the speed with which its main rival, Boeing, is moving, the European group is under some pressure to establish such a programme without delay.

The lack of new orders for civil and military programmes is of particular concern to the electronics industry. Much of the technology in such fields as Head-up displays, fly-by-wire and other techniques was evolved in the 1960s and 1970s, when many new aircraft types, civil and military, were being developed. Most recently, the only major programme which has provided any kind of challenge in electronics is the Tornado.

MICHAEL DONNE

PULP AND PAPER

Signs of more sensible pricing policies than in the last recession

THE RECESSION did not hit the world paper and board industry until the middle of 1980 and its impact has been nowhere near as severe as once feared.

World production of paper and board increased marginally in 1980 to around 175m tonnes. In the first eight months of the year, German production, for example, was 4 per cent ahead and French output was up 2.5 per cent. However, over the last few months production has fallen quite sharply.

The Western European paper and board industry has fared fairly well with the exception of the U.K., where the local industry has been badly hit by a combination of a strong currency and high energy prices on top of the recession. Overall, Western European production probably fell by one per cent in 1980 and is expected to remain fairly constant during 1981.

In the United States, which accounts for well over a third of the world industry, output was 1.2 per cent lower in the first eight months. The Presidential elections have stimulated newsprint production notwithstanding the recession, and China has emerged as a major market for American paper and board, which is helping to cushion the downturn in demand.

Movements in the price of market pulp, the industry's main raw material, are a good guide to what has been happening in the industry. In the first and second quarters, the price of bleached sulphate pulp was raised. However, since then it has held steady at $545 per tonne and the position is likely to remain the same in the early part of 1981.

The price of kraft liner, the staple diet of the packaging industry, has risen by around a fifth this year and is expected to rise by another 10 per cent or so in the opening months of the coming year.

Admittedly, some of the end

WORLD PULP AND PAPER CAPACITY

	Capacity m. tonnes	Increase 1980-81 %
Woodpulp		
Chemical	93.5	2.2
Mechanical	33.0	3.7
Semi-chem	10.5	3.8
Total	137.0	2.7
Paper and board		
Newsprint	27.2	6.0
Printing and writing	44.9	4.4
Other	120.1	2.7
Total	192.2	3.6

Source: FAO

product prices have been under pressure. European prices of woodfree printings and writings, for example, have dropped by 15 per cent and price reductions in other grades are even greater.

However, the major Scandinavian producers appear to be behaving much more sensibly than they did in the last recession. They are resisting the temptation to run their mills at full capacity as they did last time. Plants are being closed for a week at a time and stocks are not being allowed to rise unnecessarily. At the end of September, for instance, pulp stocks only amounted to 838,000 tonnes. This compares with the 3m tonnes plus which was overhanging the market during the last recession.

The Scandinavians well remember what happened last time they ran up their stock levels. Market pulp prices collapsed and many companies ran into financial difficulties. The same mistake is not being made again.

That is not to say that some Western European paper companies are not facing serious difficulties. In Sweden, the Government continues to give massive aid to Norrlands Skogsägares Cellulosa and in France, Belgium and the Netherlands, various companies are being supported by their respective Governments. In Britain a large part of the country's newsprint and board capacity has been closed and a number of fine paper mills are in jeopardy.

Despite these, it looks as if the recession in the international paper and board industry has nearly bottomed out. Demand is expected to start recovering in the third quarter of 1981 and be back to normal by 1982.

WILLIAM HALL

CONSTRUCTION

More cuts in public spending may lead to permanent damage

THERE APPEAR to be no more silver linings to the clouds which hang heavily over the UK construction industry.

The value of domestic work undertaken by the construction sector has, with one exception, fallen in every year since 1973 and the indications are that the damaging decline is set to continue amid rising unemployment and growing fears about the industry's longer-term strength.

While contractors struggle to hold on to their share of a rapidly shrinking market, sacrificing profit margins in order to stay active, the prospects for winning business overseas seem little brighter. For the first time in several years, British contractors are facing falling workloads in foreign markets.

Output of new construction work in 1980 fell by about 8 per cent, repeating the 1979 decline. In 1981, a further 8 per cent fall is expected and another drop is expected in the following twelve months. By 1982, output of new work is likely to be as much as 20 per cent down on 1979, itself the worst year of the previous decade.

Unemployment is already above 270,000—a figure which has risen by 50 per cent in 12 months—and the total is expected to go much higher over the next two years. Over 60,000 skilled craftsmen are now out of work.

No sector of the construction industry has escaped the recession but it is in the area of public works where the extent of the slump is most apparent. In 1971, the public sector's share of total new construction work was 48 per cent while within the next two years it is likely to account for about 37 per cent of a considerably smaller cake. Over the same period, public sector new work, worth over £4.7bn in 1971, is expected to fall to little more than £2bn.

The squeeze on public sector work has bitten deeply into housing, with activity down to one of its lowest post-war levels and—for the time being at least—a ban on all new public sector housing contracts.

The outlook in the private housing sector, where confidence has been hit by high interest rates and uncertainties about the future, is little more encouraging. The number of new homes started has been falling since 1978 and in 1981 is unlikely to exceed 110,000 against 100,000 in 1980. At the start of the 1970s annual starts reached well over 200,000. There are signs, however, that for private housing at least the low point has been reached but no speedy recovery is expected.

For some time, growing volumes of work in the repairs and maintenance sector have helped cushion the rapid decline in other areas of the construction market. But three years of growth are apparently over.

The value of building work for private industry in 1981 is expected to drop by no less than 10 per cent, reflecting historically low investment intentions, while the long lead times involved in many office projects should keep commercial building activity running at stable, if low, levels.

MICHAEL CASSELL

CONSTRUCTION OUTPUT FORECASTS
(£m at 1975 prices percentage annual changes)

	1980	1981	1982
NEW YORK			
Housing			
Public	950 (−18)	650 (−32)	500 (−23)
Private	1,450 (−13)	1,425 (−2)	1,525 (+7)
OTHER			
Public	1,910 (−7)	1,795 (−6)	1,760 (−2)
Private Industrial	1,345 (−4)	1,210 (−10)	1,185 (−2)
Private Commercial	1,200 (+1)	1,215 (+1)	1,190 (−2)
TOTAL NEW WORK	6,855 (−8)	6,295 (−8)	6,160 (−2)
REPAIRS AND MAINTENANCE	4,080 (−1)	4,015 (−2)	4,070 (+1)
TOTAL ALL WORK	10,935 (−6)	10,310 (−6)	10,230 (−1)

Source: National Economic Development Office

SHIPPING

The improvement has been concentrated in the dry bulk trades

THE SHIPPING industry has weathered the downturn in world economic activity far better than might have been expected 12 months ago. In 1979 the world's shipping markets were recovering rapidly from the prolonged recession of the mid-1970s and the recovery has continued albeit at a slower pace, for most of 1980.

The world shipping fleet grew by under 10m dwt to 691m dwt in the year to June 1980. The combination of a high level of scrapping, plus record losses, has kept the growth at its lowest rate for many years. In addition, the amount of tonnage laid-up around the world has remained remarkably steady at around the 10m dwt mark.

The relatively small growth in the fleet has been insufficient to match the growth in the dry bulk trades. As a result, returns have improved. In the grain trades, the rates on the important route between the U.S. Gulf and the Continent, have risen by more than a third over the past year. In the coal trades, the increase has been even more dramatic; vessels carrying coal from Hampton Roads in the U.S. to Japan, can now charge $29 per tonne against $18 per tonne a year ago.

The improvement in freight rates has been mirrored by a similar sharp rise in second hand ship values. A ten year old 60,000 dwt bulk carrier now costs 40 per cent more than it did a year ago and over six times what it did at the depths of the recession in 1978. By the same token, the slump in the super tanker market has been reflected by a one third drop in prices of older vessels.

Within the various segments of the industry the outlook for 1981 varies considerably.

● Tankers: a mild winter, low energy demand and high oil stocks depressed the super tanker market during 1980. Of the 340m dwt world tanker fleet, some 75m dwt is believed to be surplus to requirements. Over the long term, the overall demand for tanker tonnage is expected to fall rather than rise, but with an upturn in economic activity late next year, there could be a short-lived boom and rates for very large crude carriers could double to Worldscale 80. However, the deepening of the Suez Canal may reduce tanker demand by 15m-20m dwt and the market is not expected to be back in balance till the mid-1980s at the earliest. But prospects for smaller tankers look more healthy.

● Dry bulk trades: A serious congestion at America's East coast coal ports, heavy Soviet grain imports and strong demand for steam coal masked the underlying weakness of the dry bulk trades in 1980. However, the recession in the world steel industry is leading to a sharp reduction in iron ore imports. Rates look set to soften in 1981 but the key factors are the amount of congestion at U.S. coal ports, the level of Soviet and Chinese grain imports, and the size of next year's harvest.

● Liner trades: Overcapacity and sluggish demand reduced the profitability of many of the world's leading liner trades in 1980. The established shipping conference system has come under fierce attack from a number of powerful outsiders. The Atlantic and Pacific routes, in particular, have been subject to a rate war and some familiar names have been forced to quit.

The outlook for 1981 is little better with the exception of a few routes such as the West African trades which are benefiting from the upturn in Nigeria's economy.

● Shipbuilding: in the first nine months of 1980 world shipbuilding orders were running at an annual rate of 19m grt—about 10 per cent up on 1979. However, the volume of new orders is slowing and shipyard output is expected to continue at a modest annual rate of 14m grt a year over the next two to three years. Japan's shipbuilders have succeeded in filling their orderbooks and the newer shipbuilders such as Korea, and more recently China, have also been successful. By contrast the upturn in ordering has largely bypassed Europe's shipbuilders.

WILLIAM HALL

WORLD SEABORNE TRADE
m tonnes

	Oil	Iron ore	Coal	Grain	Gen. cargo	Total
1975	1,492	292	127	137	995	3,043
1976	1,678	294	127	146	1,075	3,320
1977	1,740	276	132	147	1,120	3,415
1978	1,712	278	127	169	1,190	3,476
1979	1,780	302	140	175	1,260	3,657
Forecast*						
1982	1,905	365	198	205	1,437	4,110

* Forecast—Terminal Operators Ltd., London. Source: Fearnley & Egers, Oslo

New Year Honours for business and the arts

Robin Day (Knight)

Sir Henry Benson (Baron)

Sir Michael Swann (Baron)

Nigel Lawson (PC)

Shelagh Roberts (DBE)

Margaret Lockwood (CBE)

Ross Stainton (Knight)

George Jefferson (Knight)

Thomas Gore Browne (Knight)

Reginald Smith (Knight)

PEOPLE IN industry and commerce, the arts, broadcasting and journalism, as well as central and local Government services, politics, and sciences, are among those recognised in the New Year Honours List. Personalities in the world of sport also receive awards.

Two knights are created Life Peers; three Privy Counsellors and a Companion of Honour are appointed; and 30 Knights Batchelor named.

LIFE PEERS
BARONS

Sir Henry Benson, lately chairman, Royal Commission on Legal Services; advisor to the Governor of the Bank of England.

Sir Michael Swann, Provost, Oriel College, University of Oxford; lately chairman, British Broadcasting Corporation.

PRIVY COUNSELLORS

Sir Zelman Cowen, Governor-General of the Commonwealth of Australia.

Baron Denham, Captain of the Honourable Corps of Gentlemen at Arms.

Mr. Nigel Lawson, Financial Secretary to the Treasury; MP for Blaby, Leicestershire.

COMPANION OF HONOUR

Mr. Victor Pasmore, artist.

KNIGHTS

Mr. John Bertram Adams, director-general, European Organisation for Nuclear Research.

Lt.-Col. Dennis Charles Titchener-Barrett, for political and public service in the Greater London Area.

Mr. James Whyte Black, for services to medical research.

Mr. Thomas Anthony Gore Browne, senior partner, Mullens and Company, and Senior Government Broker.

Mr. William John Charnley, controller, research and development establishments and research, Ministry of Defence.

Mr. Charles Fletcher Fletcher-Cooke, for political and public service; MP for Darwen, Lancashire.

Mr. Robin Day, television and radio journalist.

Mr. Anton Dolin, for services to ballet.

Mr. Philip Frank Foreman, managing director, Short Brothers, for services to export.

Mr. Geoffrey Gilbertson, chairman, National Advisory Council on Employment of Disabled People.

Mr. Kenneth Lawrence Holland, Inspector of Fire Services.

Mr. James Sidney Rawdon Scott-Hopkins, for political and public service.

Mr. George Rowland Jefferson, lately chairman and chief executive dynamics group, British Aerospace, for services to export; chairman, British Telecom.

Mr. Owen Trevor Jones, for political and public service; leader, Liverpool City Council.

Mr. Maxwell Joseph, chairman, Grand Metropolitan.

Mr. John Anthony Kershaw, for political and public service; MP for Stroud, Gloucestershire.

Professor Frank Ewart Lawton, president, General Dental Council.

Mr. Michael Vincent Levey, director, The National Gallery.

Mr. Peter Jack Matthews, Chief Constable, Surrey Constabulary.

Mr. Patrick Michael Meaney, managing director and chief executive, Thomas Tilling, for services to export.

Professor Desmond Arthur Pond, president, Royal College of Psychiatrists.

Mr. Julian Errington Ridsdale, for political and public service; MP for Harwich, Essex.

Mr. Stephen James Leake Roberts, chairman, Milk Marketing Board.

Mr. Charles Russell Sanderson, for political and public service in Scotland.

Mr. Reginald Beaumont Smith, chairman, George Wimpey.

Mr. James Douglas Spooner, chairman, Navy Army and Air Force Institutes.

Mr. John Ross Stainton, chairman, British Airways.

Professor Eric Gardner Turner, for services to scholarship; Emeritus Professor of Papyrology, University College, London.

Mr. Laurens Jan van der Post, for public services; writer and explorer.

Mr. John Stewart Wordie, chairman, Burnham Primary and Secondary and Burnham Further Education Committees.

ORDER OF THE BATH
KCB

Mr. Geoffrey John Otton, second permanent secretary, Department of Health and Social Security.

CB

Mr. John Anson, deputy secretary, Treasury.

Mr. Clifford Bamfield, lately under secretary, Civil Service Department.

Mr. Paul R. Billett, under secretary, Exchequer and Audit Department.

Mr. Anthony J. E. Brennan, deputy secretary, Home Office.

Mr. Percy D. Davies, under secretary, Department of the Environment.

Mr. Paul Dean, director, National Physical Laboratory.

Mr. Colin C. Fielding, deputy chief of defence procurement; director, Atomic Weapons Research Establishment.

Miss Gillian R. Ford, deputy chief medical officer, Department of Health and Social Security.

Mr. Gordon E. Gammie, legal adviser, Ministry of Agriculture, Fisheries and Food.

Mr. James E. Hannigan, deputy secretary, Department of Transport.

Mr. Edmund L. Harris, deputy chief medical officer, Department of Health and Social Security.

Mr. Henry B. McKenzie Johnston, under secretary, Office of the Parliamentary Commissioner for Administration.

Mr. Richard A. Lloyd Jones, deputy secretary, Welsh Office.

Mr. William M. Knighton, deputy secretary, Department of Trade.

Mr. Robert L. Bayne-Powell, senior registrar, Family Division, High Court of Justice.

Mr. William K. Reid, deputy secretary, Scottish Office.

Mr. Andrew Smart, director, Royal Signals and Radar Establishment.

Mr. Cyril G. Ware, under secretary, Board of Inland Revenue.

ORDER OF ST. MICHAEL AND S. GEORGE
CMG

Mr. John W. White, lately director, Institut Laue-Langevin.

ORDER OF THE BRITISH EMPIRE
DBE

Mrs. Mary Patricia Bridges, for political and public service in the western area.

Mrs. Betty Fraser Ross Paterson, chairman, North West Thames Regional Health Authority.

Miss Shelagh Marjorie Roberts, for political and public service in the Greater London Area; industrial relations consultant.

CBE

Mr. Kingsley Amis, author.

Mr. D. R. G. Andrews, executive vice chairman, BL. For services to export.

Mr. Arthur Askey, entertainer.

Mr. J. B. A. Barton, associate director, Royal Shakespeare Company.

Mr. D. R. Berridge, chairman, South of Scotland Electricity Board.

Mr. D. G. Brandrick, secretary, National Coal Board.

Mr. C. E. B. Brett, chairman, Northern Ireland Housing Executive.

Mr. P. J. Butler, director, Mersey Dock and Harbour Company.

Mr. M. J. Cobham, chairman and chief executive, Flight Refuelling. For services to export.

Mr. P. J. Custis, group finance director, Guest, Keen and Nettlefolds. For services to export.

Mr. J. G. Dawson, chairman, the Zenith Carburetter Company.

Mr. G. A. Drain, general secretary, National and Local Government Officers Association. Chairman, Paper and Board Sector Working Party.

Mr. M. D. Goodwin, chairman, Hewden Stuart Plant.

Mr. S. T. Graham, director and chief general manager, Midland Bank.

Mr. L. A. Green, chairman, International Stores.

Mr. R. Greenwood, manager, England Association Football Team.

Mr. B. E. Gwyn, chairman, National Council of Building Material Producers. Chairman, Cement and Concrete Association.

Maxwell Joseph (Knight)

The Very Reverend R. C. D. Jasper, Dean of York. Chairman, Church of England Liturgical Commission.

Mr. W. Johnstone, lately chairman, Meat and Livestock Commission.

Mr. J. L. Kirkpatrick, co-chairman, Thomson McLintock and Co., UK. Senior Partner Thomson McLintock and Co.

Mr. F. S. Law, chairman, Varta Group.

Mr. D. W. Livingstone, deputy chairman and managing director, Albright and Wilson.

Miss Margaret Lockwood (Mrs. Leon), actress.

Mr. P. B. Lucas, for services to sport.

Mr. S. Lyles, chairman, Kirklees Area Health Authority.

Mr. R. C. Miquel, chairman and managing director, Arthur Bell and Sons.

Mr. F. J. Moorfoot, chairman, Kodak. For services to export.

Mr. J. D. Oakley, chairman, Australia New Zealand Trade Advisory Committee, and chairman, British Council, Australia British Trade Association. For services to export.

Mr. P. S. Paine, managing director, Tyne Tees Television.

Mr. J. H. Perfitt, chairman, Youth Hostels Association (England and Wales).

Mr. N. Parkinson, photographer.

Mr. J. B. Redman, chief executive and deputy chairman, Electrolux Group in the UK. For services to export.

Mr. L. K. Robinson, chief executive, Hampshire County Council.

Mr. E. C. Sayers, chairman, Oxport.

Mr. A. G. Senior, lately director, WS Atkins and Partners.

Mr. R. I. Sloan, executive director, Commercial Union Assurance Company.

Mr. R. C. Stow, lately chairman, Council of the Building Societies Association.

Mr. P. G. Swann, director of Medical Services, Esso Europe Incorporated. For services to Occupational Medicine.

Mr. V. Taushy, conductor. Director of Opera, Guildhall School of Music.

Mr. S. J. Wilson, managing director and chief executive, the Burmah Oil Company.

OBE

Mr. R. W. Adams, managing director, A. H. McIntosh and Co.

Mr. E. C. Ambler, writer.

Mr. J. W. Barty, secretary, Scottish Law Agents' Society.

Mrs. Sybille Bedford, author.

Mr. G. A. P. Blackburn, technical director, Cammell Laird Shipbuilders.

Mrs. J. Burrell, chairman, Ronaldsway Aircraft Company, Isle of Man.

Mr. F. W. Burton, director-general, International Association of Fish Meal Manufacturers.

Mr. F. W. Butler, sports editor, News of the World.

Mr. J. Cattanach, administrateur, Euromissile Dynamics Group, British Aerospace Dynamics Group. For services to export.

Mr. W. H. Clement, secretary, Welsh Rugby Union.

Mr. H. Comerford, lately general president, National Union of Footwear, Leather and Allied Trades.

Mr. G. R. Connor, managing director, Hall-Thermotank Products. For services to export.

Mr. J. M. W. Davis, chairman and managing director, George Woolliscroft and Son.

Mr. G. T. Dobson, divisional managing director, Air Moving Division, Smiths Industries, for services to export.

Miss B. L. L. Elkin, director, Smaller Firms Directorate, Confederation of British Industry.

Mr. W. D. Flackes, Northern Ireland political correspondent, British Broadcasting Corporation.

Mr. M. T. Fuller, director, Engineering Employers' Association of South Lancashire, Cheshire and North Wales.

Professor A. R. Gemmell, lecturer and broadcaster.

Miss Sidonie Goossens (Mrs. Millar), principal harpist, British Broadcasting Corporation Symphony Orchestra.

Mr. J. A. Gray, director of research, British Gas Corporation.

Mr. A. N. Grut, president, States of Guernsey Advisory and Finance Committee.

Mr. J. Guzzan, joint managing director, Dobo-Simpson.

Mr. G. N. Hague, chairman and managing director, Wolwyn (Garments).

Mr. D. G. Hake, lately principal, Export Credit Guarantee Department.

Mr. B. P. Heaphy, managing director, Bovis Construction.

Mr. K. M. D. Johns, chairman and managing director, Actair International.

Mr. P. M. Johns, secretary, Lawn Tennis Association.

Mr. G. M. B. Kennedy, for services to music.

Mr. R. Lewis, group managing director, GPG International.

Mr. A. Mernis, chairman and chief executive, Ireland Alloys (Holdings).

Mr. M. J. M. Morgan, director, GKN Contractors, for services to export.

Mr. J. Munro, managing editor, Glasgow Herald.

Mr. E. G. Plucknett, president, National Home Improvement Council.

Mr. D. J. Pocock, director, Western Europe Services Kinema Corporation.

Lieut-Commander C. E. M. Preston, director of Marine Marketing, Rolls Royce, for services to export.

Mr. L. H. Rosoman, artist.

Mr. N. W. Sarsfield, secretary, Amateur Swimming Association.

Mr. J. M. Silbermann, chairman, Bront Group of Companies.

Mr. P. A. C. Smith, chairman, British Security Industry Association.

Mr. P. F. Smith, senior partner, A. Smith and Sons.

Mr. J. R. M. Southwood, director of engineering, National Nuclear Corporation.

Mr. C. R. Stanton, editor of debates, House of Lords.

Mr. R. V. Stroud, chairman, Wool Industries Research Association.

Mr. E. B. T. Tanner, chairman, Datexomar Machinery, for services to export.

Mr. A. R. Hanbury-Tenison, chairman, Survival International.

Mr. R. R. Veitch, deputy chairman, Plant Protection Division, Imperial Chemical Industries, for services to export.

Mr. E. J. Wootnedge, director, British Executive Service Overseas.

Mr. J. Wigley, chief executive, Royal Welsh Agricultural Society.

Mr. R. H. Wilcox, director, industrial relations, British Railways Board.

MBE

Mr. T. J. Aley, general secretary, British Poultry Breeders and Hatcheries Association.

Mr. L. W. Allan, manager, training services, Vickers, engineering group.

Mr. G. E. Audley, general secretary, Association of Art Institutions.

Mr. P. B. Bodycombe, sales director, marketing division, Conoco.

Mr. P. W. Brickett, director of export sales, SAD Construction Products.

Mr. E. R. G. Brown, director of financial services, Rank Precision Industries.

Mr. J. K. Brown, managing director, AB Electronic Components.

Mr. J. W. Butcher, project group manager, Marconi Space and Defence Systems.

Mr. B. K. Cheale, for services to the Institute of Builders Merchants.

Mr. R. C. Crammer, controller, Engineering Resources and Security, Rolls Royce.

Mr. N. C. Cumino, sales supervisor, Far East Commercial Division, British Steel Corporation, for services to export.

Mr. G. B. Dallas, chief scientist, British Aluminium Company.

Mr. F. W. Elarby, director, Thomas Scott and Co. (Manchester).

Mr. K. H. Fairbotham, chairman, Fleetwood Fish Merchants Association.

Mr. S. F. Flowerday, senior medical rehabilitation officer, Medical Engine Plant, Ford Motor Company.

Mr. L. T. Foxwell, chief photographer, Westminster Press.

Mr. L. Gant, for services to Rugby League Football.

Mr. W. H. Gardner, local director, contracts, Swan Hunter Shipbuilders.

Mr. R. S. Garnett, managing director, Chamberlain Phipps International, for services to export.

Mr. A. Gleave, joint managing director, Williams and James (Engineers), for services to export.

Mr. F. P. Gloyns, for services to Rank Film Laboratories.

Mr. G. F. Gocher, chief designer, Naval Department, Ferranti Instrumentation.

Mr. A. B. H. Harris, assistant director, Horticulture Division, National Farmers' Union.

Mr. G. O. Harrison, joint managing director, Oughtred and Harrison.

Miss R. I. Haywood, export sales representative (steel section), Brockhouse Export, for services to export.

Mr. D. R. Howarth, chief project manager, Towed Rapier (Bristol) Bristol Works, Dynamics Group, British Aerospace.

Mr. N. W. C. Hutchins, distribution manager, the Plenty Group, for services to export.

Mr. J. G. Jamieson, grading expert, Aberdeen Fishing Vessel Owners' Association.

Mr. J. Jones, general president, National Union of Domestic Appliance and General Metal Workers.

Mr. W. Kirkpatrick, lately managing director, Livestock Auction Marts.

Mr. R. J. R. Laverty, group controller, Belfast Group, UK Warning and Monitoring Organisation.

Mr. R. Lennox, for services to the Glasgow Celtic Football Club.

Miss J. M. Lewis (Mrs. Moor), managing director, A. Lewis (Airlok).

Mr. C. L. Metcalfe, director, Telecommunication Engineering and Manufacturing Association, for services to export.

Miss K. L. Miles, president, Association of Pharmacy Technicians.

Mr. R. G. Monbiot, for political and public service.

Mr. J. S. H. Paul, managing director, Robert Glew Yarn Exports Ltd. For services to export.

Mr. R. J. Potter, sales director, Vosper Thornycroft (UK). For services to export.

Mr. J. George, director, Shetland Silvercraft (J. G. Rae).

Mr. G. E. Reedle, deputy secretary, Football League.

Mr. E. W. Roubaud, technical director, M. B. Metals.

Mr. F. Soos, associate director, Bedelex. For services to export.

Mr. G. K. Spence, manager, Dungannon Branch, Ulster Bank.

Mr. A. J. Staley, secretary, National Freight Company.

Mrs. L. P. Taylor, chairman, All England Netball Association.

Mr. D. L. Underwood. For services to cricket.

Mr. E. F. Ward-Zinski, sales marketing executive, Central Europe, Quest Automation Systems. For services to export.

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The other side of the hill

EVERY generation tends to need a landmark by which to measure whether things have got better or worse in the period since. For some it is the 1930s. For others it is the Second World War, or 1945 or the post-war recovery that began in the early 1950s.

Of course, the periods can be reassessed. Some historians now see the 1930s not as an era of depression, but as the beginning of a return to prosperity. Many of those who grew up in them tend to regard the 1950s as a golden age, despite Suez and despite Hungary, and despite the fact that living standards were then about half what they are today. The new Conservatism, on the other hand, looks back at the '50s and says that that was when the rot set in.

Conservative

What is becoming increasingly clear, however, is that there is now a generation which has no obvious landmarks at all, no signposts to say "That was when life was sweet" or "That was when things began to get better." This is not just a British phenomenon. Throughout the western world the last few years must have seemed a period of at best lurching progress. At worst we have become like Alice, having to run faster and faster in order to stay in the same place.

If there is a landmark, it is more easily picked up by the economists than by the man in the street. It is 1973, the year of the October war in the Middle East, the first use of the oil weapon and the end of the post-war period of sustained economic growth. Since then, the economic cycles have become shorter, recovery has begun at ever higher rates of inflation and there has always been a fear of instability in the background. In Britain and America there has been a trend to one-term governments, illustrating either the inability of governments to deliver or a certain restlessness among the electorate, or both.

The political response has been in general conservative, even in countries where governments are nominally led by Social Democrats. And that is right, up to a point. The revolution of falling expectations, after all, has so far been less than a revolution. Who in Britain would have predicted only a year or two ago that the country could have faced over two million unemployed with apparent equanimity? There does seem to be a general desire for retrenchment and consolidation before the next leap forward—if indeed anyone believes any longer that the next leap forward is possible.

One reason may be that the fall in living standards has not yet taken place. The rhetoric of conservative governments is stronger than the reality. President Carter promised a balanced budget, but look what happened. Not only did he fail in that objective; he is to be succeeded by an undisguised conservative in Mr. Reagan. Mrs. Thatcher promised to cut public expenditure, but has now reached the limits of what is possible on the manifesto on which she was elected. Meanwhile, public expenditure as a percentage of gross domestic product has been increasing.

Yet the fact that electorates continue to be willing to give majorities to conservative leaders suggests that a readiness to accept retrenchment still exists. It is the fulfilment that has been missing.

Humane society

Something else is missing, too. It is the ability to talk about the other side of the hill. There is little to be said for retrenchment for its own sake. The real question is: retrenchment for what? The weakness of the new conservatism is that it looks mean. It cuts at the edges. It hurts the poor and the weak. It appears to protect its own people. It seeks to claw back the gains that have been made in more liberal times: civil rights in America or help for minorities in Britain. It fails to project a better future for all because it fails to demand sacrifices from all. It is the vision of a fairer, more humane society, and how the new technologies could help to that end, that is being lost.

If Mrs. Thatcher and Mr. Reagan can come back to that, while maintaining their determination to control expenditure and to reduce inflation, the new conservatism will deserve to be more than a passing phase. It may even be a new landmark. The prospects for 1981 look very bad; they could be very good.

The right to manage

THE STRUGGLE to revive BL as a profitable car manufacturer has great importance for the industrial future of Britain. This is not only a question of employment and the balance of payments. BL is significant as a test of management's ability to regain ground which has been lost over many years and to find a solution to problems which, though usually in a less extreme form, are common to large parts of British industry. Failure at BL would be a serious blow to business confidence throughout the country. It would tend to confirm the view that the UK, unique among the major industrial countries, is unable to compete in high-volume manufacturing operations employing large concentrations of labour.

The reasons for the decline of BL have been endlessly analysed. No doubt, like any other corporate failure, it must be regarded primarily as the responsibility of management. But it is clear that both before and after the 1968 merger which created the company in its present form disorderly labour relations in the big car factories have been a serious drag on profitability. Lack of discipline within the plants, failure to observe agreed procedures for handling disputes, the inability of management to exert its authority—all this has had a damaging effect on continuity of production and on levels of productivity.

Sir Michael Edwardes, chairman of BL, has correctly judged that the re-establishment of management's ability and right to manage is a necessary condition for the restoration of the company. This has been a central theme in the company's conduct of labour relations over the past two years and it is the key issue in the current dispute.

Appeal

The company has dismissed eight men, including six shop stewards, who are alleged to have taken a leading part in a near-riot at the Longbridge works last month. The dismissals were confirmed by the first stage of the internal appeals procedure, in which union officials took part. The next stage would have been a meeting known as the extended plant conference, involving more senior officials on both sides. But before this stage was reached an unofficial strike was called in support of the dismissed men. Thus the management has followed procedure, the strikers have broken it. The company has been willing to let an official from the Advisory Conciliation and Arbitration Service participate in the appeal hearing, but it is not prepared, as the unions have been demanding, to hand over decision-making authority to an independent arbitrator.

A mass meeting of the strikers is to be held on Sunday, amid the familiar warnings of an impending collapse of the company. Meanwhile the management has indicated that if the strike continues it may bring in alternative labour to re-start the Mini and Metro production lines at Longbridge.

Adherence to rules of personal conduct and discipline is basic to the efficient running of any factory—above all in a large, mass-production plant in which there is a high degree of inter-dependence between one section and another. Management has the task of ensuring that the rules are observed and of applying sanctions to those who break them — not in an autocratic or arbitrary way, but consistently and in line with agreed procedures. Similarly in the day-to-day handling of industrial relations there have to be rules and procedures for resolving disputes—rules which must be discussed and agreed with the representatives of employees but which, in the last resort, must be enforced by management.

Security

Without this stable framework it is pointless to strive for new forms of participation and worker democracy.

It is possible that the Longbridge strikers will be sufficiently concerned about their own job security to return to work next week. The message has to be driven home, not only in BL but in industry at large, that action in defiance of agreements does not pay. Rising unemployment may tend to strengthen, at least temporarily, the bargaining power of management in its dealings with trade unions, but companies should be concerned in 1981, not to score easy victories, but to build a stable relationship with their employees which will last when the upturn comes. Firm implementation of agreed procedures is an essential part of this process.

1981 | THE U.S. ECONOMY

Two tricky goals for Reagan

By Professor Martin Feldstein

The impact of the Reagan agenda on the American economy will depend critically on how Congress deals with the legislative proposals. Economy watchers will be paying careful attention to the shape of the tax cuts as well as to the size of the first year deficit and changes in domestic spending programmes

MUCH OF the uncertainty about the U.S. economic outlook for 1981 is due to the fear that the Reagan Administration's two principal goals may be inconsistent. The incoming President has promised to reduce the rate of inflation that is now running at about 11 per cent. But he has also pledged to reduce personal and corporate taxes that have swelled in recent years to absorb a record share of national income and of the pre-tax profits of American business.

The Reagan Administration knows that these two goals are the principal campaign promises on which it will be judged in the Congressional elections just two years from now. And both goals also reflect the strong personal conviction of the new President and his close advisers. There is little doubt that these goals will be actively pursued in 1981.

The danger, however, is that the promised tax cut may frustrate the attempt to reduce inflation. Indeed, some critics charge that the Reagan Administration should reduce inflation but cannot and can reduce taxes but should not. My own view is that these critics are unduly pessimistic. Although achieving both goals will be neither as simple nor as painless as some of Reagan's supply side advisers once suggested I believe that the right combination of policies could reduce both inflation and taxes over the next two years.

The supply side approach

One group of Reagan advisers has been much more optimistic arguing that the two goals are not only consistent but mutually reinforcing. The basic "supply side" argument put by this group is that reductions in personal tax rates would provide incentive to work more and to save more while investment oriented tax cuts for business would increase capital spending and thereby raise productivity.

In the extreme "Laffer curve" version of the supply side case the resulting increase in national output would raise taxable income by enough to offset the reduction in tax rates. The tax cut would thus raise taxes and shrink the Government deficit, thereby reducing the inflationary pressure in the economy.

Not all supply siders subscribe to this conclusion—indeed there may no longer be any who do. A more common and modest claim is that, although reductions in tax rates would cause tax revenues to fall, the increase in the supply of national income would exceed the increase in demand by consumers and companies. A further increase in national output would also be achieved by eliminating some of the plethora of government regulations that hamper productivity and deter innovation. Since the rise in output would exceed the rise in demand the rate of inflation would naturally tend to fall.

The attraction of this strict supply side view is that it promises a painless transition from the existing malaise to a healthier economy. Inflation is purged from the system not by an unpleasant dose of unemployment and low capacity utilisation but painlessly by rising output and optimistic expectations.

All of this is possible but not very likely. Although the proposed tax changes would probably stimulate investment and productivity the magnitude of these supply effects would especially in the first few years be much smaller than the increase in demand. The primary source of increased supply would be the rise in the capital stock and several years would be required for the resulting increase in output to equal the rise in investment spending.

Until then the extra demand for investment goods would exceed the economy's increased capacity to produce. While reductions in personal tax rates might well cause an increase in work effort there is no clear evidence that the resulting rise in output would ever exceed the increase in consumer spending that a tax cut would induce.

Reduced demand pressure

A more likely prognosis for 1981 is that, despite a tax cut at some point during the year, the combination of tight money and the natural forces now at work will raise the unemployment rate and reduce inflationary demand pressures.

There is already strong evidence that the brief increase in economic activity that began in the late summer is fading. Residential construction activity and auto sales have begun to decline. The projected rate of capital goods spending in 1981 showed a real decline even when the prime rate was five percentage points below its year end value. The weak economies in Europe will mean reduced exports for the United States. And all of this will be happening at a time when industrial production is still several percentage points below its January 1980 peak.

Further deflationary pressure will come from the Federal Reserve Bank. The Fed has already announced that its target for 1981 is a lower growth of the monetary aggregates than in 1980. For M1-B, the most closely watched of money stock measures, the maximum growth rate is supposed to be 6 per cent or about a full percentage point below the 1980 rate of increase.

If the Fed sticks with this target there will have to be a substantial drop in inflation, a significant rise in unemployment, or a miraculous increase in the economy's ability to operate with a relatively smaller stock of money.

Maintaining the current unemployment rate would require real GNP to rise by more than 2 per cent next year. Add to this the current 11 per cent rate of increase in the GNP price deflator and nominal GNP must rise at 13 per cent to maintain the inflation-unemployment status quo. This implies that the M1-B velocity—the ratio of nominal GNP to the M1-B measure of the money stock—must rise 7 per cent.

In contrast the average velocity increase in recent years has been only 3 per cent a year. Even if the actual money growth rate overshoots the Fed's target range by a percentage point historical experience implies that the growth of nominal GNP will be significantly less than 13 per cent. And this in turn means less than 2 per cent real growth of GNP and a reduction in inflationary pressure.

Whether the lower demand pressure will actually be sufficient to reduce inflation in 1981 will depend on the economy's response to the other inflationary shocks that will occur. The likely rapid de-regulation of all energy prices will give a one time boost to the price level.

On taxes and spending

The higher food prices that are now expected will also raise the price index and then feed through the formal and informal cost of living provisions to raise wage costs and transfer payments. But although these changes will make it more difficult to achieve a significant inflation decline in 1981 they will make it easier to do so in 1982 if slack conditions persist.

But what about the fiscal side of the ledger? Won't the promised tax cuts increase the deficit by so much that an increase in inflation is inevitable?

In my opinion the danger of this has been overstated. The much discussed 10 per cent reduction in personal tax rates would lower tax revenue by about \$28bn or 1 per cent of GNP if it is enacted for the entire year. About two thirds of this tax cut would merely offset the extra taxes that individuals would otherwise pay as inflation moved their incomes into higher tax rate brackets in the rather finely graduated U.S. personal tax schedule.

Moreover, the across-the-board tax cut would accrue mainly to middle and upper income tax payers who could be expected to save a substantial fraction of their increased disposable income. And to the extent that the final tax bill includes specific saving incentives consumer demand may be reduced further.

While there has probably been too much worrying about the demand consequences of the personal tax cut there has been too little concern about the demand effects of the business tax reduction. Current plans call for shortening the depreciation lives for new investment in plant and equipment to offset the adverse effects of inflation and historic cost depreciation under existing law. Because the new depreciation rules would be phased in slowly the revenue cost in the first year would be only about \$3bn.

Although the stimulus to new investment could nevertheless be substantial, the actual size of this stimulus will depend very much on the particular transition rules. If the investment incentives are designed properly they can have favourable long run effects without inflationary short run consequences.

The spending side of the budget is another source of potential inflationary pressure, although here, too, the pessimists have probably been too worried. Although the Reagan Administration is committed to a significant increase in military spending, there is little scope to raise these outlays in 1981 except to increase the pay level of existing military personnel. And even a sharp 10 per cent increase in military spending would cost only about \$15bn or less than 3 per cent of total Government outlays.

To offset the higher level of military spending and the future reductions in taxes, the Reagan Administration will be looking for ways to reduce non-defence spending. The sharp and critical eye of the very able new budget director, former Congressman David Stockman, will focus on transfer programmes, aid to state and local government, federal health care spending, and a variety of other programmes that expanded in the 1960s and 1970s.

If Congress is responsive to the anti-spending sentiment that the voters expressed in the presidential, Congressional and local elections in November next year may well see the major spending cuts that the Administration is going to propose.

The Congressional influence

The impact of the Reagan agenda on the American economy will depend critically on how Congress deals with the new Administration's legislative proposals. Economy watchers in 1981 will be paying careful attention to the shape of the tax cuts that emerge from Congress as well as to the size of the first year deficit and the changes in domestic spending programmes.

If all goes well the result will not be a painless burst of rapid growth and sharply falling inflation in 1981. The economy may limp along with a high unemployment rate and low rate of productivity increase for at least another year or two. But by mid-1982 a period of sustained slack and of consistent monetary policy could begin to pay off in a significant decline in inflation. And the fundamental changes in tax rules and spending priorities should help to lay a foundation for a new period of sustained economic growth in the 1980s.

Professor Feldstein is Professor of Economics at Harvard University and president of the U.S. National Bureau of Economic Research.

MEN AND MATTERS

Mr. Zbig and Hodd's lore

Political memoirs that could make those of Richard Crossman, Barbara Castle or even Joe Haines appear discreet, will shortly appear in the glossy pages of Playboy.

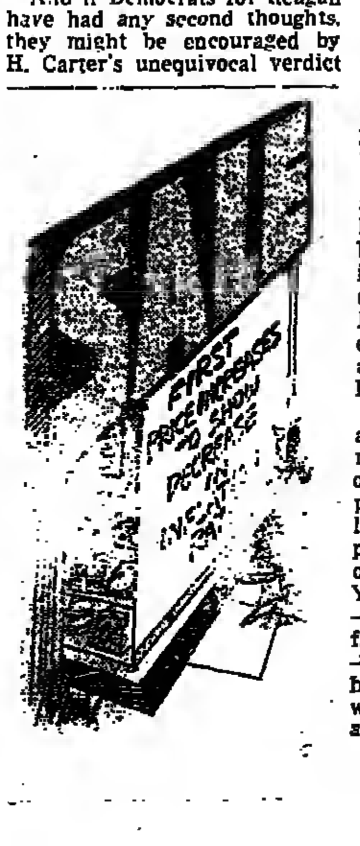
As a gesture to propriety and discretion, Hodding Carter III, the former press secretary to ex-Secretary of State Cyrus Vance, has ensured that his impressions of President Jimmy's administration are printed in the magazine's February edition. It should, however, be on the streets of Washington well before his former employers leave the White House.

Loyalty is clearly Hodding Carter's strong point. Of Vance's rival National Security Adviser Zbigniew Brzezinski, he writes: "A second-rate thinker in a field infested with poseurs and careerist, he has never let consistency get in the way of self promotion or old theories impede new policy acrobatics."

And if Democrats for Reagan have had any second thoughts, they might be encouraged by H. Carter's unequivocal verdict on his namesake. "He would choose the Vance position one month and the Brzezinski position the next.

"He could send State Department officials out to sell the neutron bomb to our European allies, then publicly decide against its production while they were still out selling. Much the same thing happened with the Olympic boycott decision, announced shortly after our allies had been told it wasn't on the cards."

Vance, Carter insists, was too gentlemanly to play the political game—a fault that his former underling clearly does not share.



In the can

It was felt with some confidence in June that the three and a-half minute annual meeting of Mallinson Denny set a limit to brevity which could not reasonably be surpassed. But in the dying hours of 1980, the record has been overturned. For out in the furthest reaches of East Anglia, away from the hurly-burly of the City, Lockwoods Foods chairman Philip Lockwood showed yesterday a dazzling turn of speed which enabled him to discharge his yearly duties in no more than three minutes and 15 seconds.

It may be that, as happened after Roger Bannister's breaking of the four-minute mile, boards will develop previously inconceivable technical skills, consigning today's records to the history books. It will not, however, be easy, for the going was all but perfect yesterday in the Lockwoods headquarters.

The notice of meeting and auditors' report were taken as read. There was no statement of current trading to impede progress, and no questions. The last factor was not terribly surprising, since the combination of time — the Christmas/New Year interregnum — and place — Long Sutton, about 20 miles from Spalding in Lincolnshire — conspired to keep the shareholders away in droves. There were, by my count, only four attenders excluding the board and including myself.

Was it always like this? I asked the £33,500-a-year Lockwood, over from his Normandy home for the occasion. The throng is, he explained, sometimes swelled by one or two local farmers. Otherwise, yes. This time round, the memory of a £3.2m net deficit for 1980 was evidently not enough to stir even them.

Country life

Even we city types like to pull on the green gumboots from time to time and plod out into the shires. Particularly when the prospect is one so intriguing as a project in Humberside to take pig-breeding forward to the frontiers of the new technology.

Not for Driffield's Northern Pig Developments the bucket of swill and sackful of bran dumped liberally among its grunting charges. Its Easicare Pig System monitors with the cybernetic sophistication of an Apple minicomputer feed, growth and general well-being through every micro-second of the porcine life. So successful has Easicare been that it has won this year's euphoniously-named National Pig New Equipment Award.

But Northern Pig Developments is not all earthbound. The five companies within its ambit include a chain of ice-cream parlours—a disconcerting thought—and an aviation company based at Yeadon airport. It is, therefore, with studiously good taste that I have avoided any reference to the clearly imminent possibility that, in Humberside at least, pigs might fly.

Revlon's eyeful

A \$750,000 medical research grant made by U.S. cosmetic group Revlon to Rockefeller University has failed to win the hearts of British animal-welfare campaigners. The grant, which follows a campaign of protest in the U.S., is to finance an alternative to the "Draize" irritancy test, whereby rabbits are used to explore the potentially damaging effects of inadvertent contact between cosmetics and the eye.

Henry Spira, a leading U.S. opponent of Revlon's involvement in such tests, has suggested cooling-off protests in view of the grant. But his British counterpart, Jean Pink of Animal Aid, disagrees. "I said he could do what he liked in the U.S., but in Britain the demonstrations will continue," she explains. Pink wants nothing less than an immediate halt to the test.

Revlon maintains that "consumer protection" is its priority, and that the Draize test is the only one of its type acceptable to the U.S. Food and Drug Administration. But its commitment to the establishing of an acceptable non-animal version has now overflowed into appeals to other leading companies including Avon, Johnson and Johnson, and Max Factor to join it in supporting the research.

What's their line?

A challenge to ingenuity and the opportunity to win a conspicuously desirable prize are the by-products of one of the IBA's less taxing orders to its TV contractors. It has told ATV to find itself a new name which reflects more clearly its affiliation with "the dual region of the east and west midlands."

ATV, sporting chaps that they are, have decided to throw the challenge open, and to reward the successful suggestion with a case of champagne, no less. The only caveat is that the company does not want to be deluged with anything too mundanely obvious. A dustbin will be set aside for proposals such as "Mercia Television" or "Midlands TV." Suggestions to New Name, Audience Relations, ATV Birmingham, B12JP.

Observer

1981 THE BRITISH ECONOMY

Need for a long-term jobs strategy

By Professor Alan Ball

THE LATEST figures available make it clear that, in real terms the recession in the economy has come faster, and is deeper than most people expected. Gross Domestic Product (GDP) in 1980 is likely to show a fall of about 3 per cent, with a substantially greater fall in industrial production. In line with the decline in production, but with less lag than has historically been experienced, unemployment has risen sharply.

The level of domestic output must be expected to continue to fall into 1981 and, at best, the earliest time for a recovery on a modest scale is the second half of the year. As a by-product of the severity of the recession, the rate of inflation has fallen faster than most forecasts, and the current account of the balance of payments has moved into surplus.

These developments have been accompanied by a failure of the Government to achieve its monetary targets in terms of sterling M3, and an over-run on the desired borrowing requirement in the current financial year of probably at least £3bn. In nominal terms, public expenditure on current account will have risen by more than 20 per cent in the fiscal year.

The financial disequilibrium as represented by the incompatibility of the Government's monetary targets and the fiscal position has resulted in continuing high levels of nominal interest rates and upward pressure on the exchange rate, apart from the impact upon it of the strong oil account.

Prospects for output and employment in 1981 must remain bleak. For a variety of reasons the inflationary hangover has been more severe and will persist for longer than had been expected a year ago.

Causes of the recession

It is becoming increasingly accepted that the principal cause of the developing recession and the rise in unemployment is the contractionary fiscal and monetary policy of the Government. By any historical standards, such a thesis seems hard to sustain. In the current financial year, the Government's borrowing requirement is likely to be at least 6 per cent of the value of the GDP. The underlying growth in the money supply (M3), is likely to be at least 15 per cent, no less than the average rate of the past two calendar years.

The increase in nominal public spending in the current financial year will be well over twice the annual rate for the financial year 1977-78 — the lowest point for the last seven years. During 1980 current forecasts indicate that the increase in nominal expenditure in the economy will have run at a level that has not been exceeded since 1976. How, in the context of such apparent financial laxity, have we found ourselves in the grip of the most serious industrial recession since World War II?

Part of the explanation lies in the general impact of the rise in oil prices in 1979 on the world economy. In 1980, world wholesale prices of manufactures will have run at nearly three times the rate of the world recovery year of 1978. Consumer prices in the industrial world will have risen at a rate 60 per cent higher than in 1978. The strong pound has done much to mitigate the impact of the rise in world prices on our economy, but the fact that recession in the UK is clearly greater than elsewhere rests on the spectacular difference in the domestic rate of inflation and the growth of earnings compared to the world outside.

The increase in average earnings in the UK, with its effects on the public sector borrowing requirement, has been materially affected by increases in public sector pay. The public sector pay explosion has not resulted simply from mistaken acceptance (with hindsight) of the principle of comparability as exercised, for example, by Clegg, but also substantively from the accumulated pressures of incomes policies that are inevitably unwound.

Public sector pay (excluding nationalised industries) rose in 1980 by 25 per cent. But despite the fact that current settlements in the private sector have been relatively modest, the historical record has been grim.

Between the third quarter of 1980 and the same period of the previous year, earnings in manufacturing industry are estimated to have risen by 18 per cent. At the beginning of the 1979-80 pay round, the CBI suggested that any such increases would be a catastrophe, and they are. Whatever the responsibility of the government for public sector pay increases outside the nationalised industries, it was not the government who negotiated pay increases in the manufacturing sector which, in the light of current conditions, it could not possibly afford.

Such pay increases, on which were superimposed monopoly price increases in the nationalised industries and the Government's own ill-advised increase in the rate of VAT, turned a lax fiscal and monetary policy into a tight one. High levels of interest rates which the private sector has had to endure are the product of inconsistency between the Government's monetary and fiscal policy and the premature desire to alter the burden and nature of taxation ahead of capacity to bring nominal public spending under control. But the agony of a rising exchange rate and a loss of competitiveness cannot simply be laid at the Government's door. It is inflation which lies at the heart of the recession.

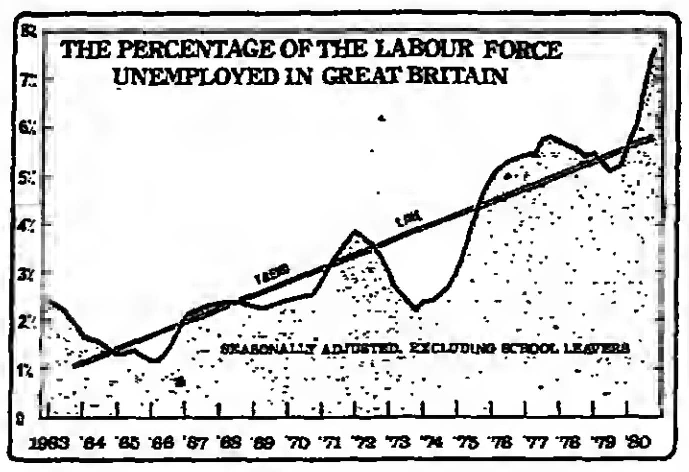
Monetary controls

Monetary and fiscal policy have already been to some extent accommodating, although not enough to prevent the real stock of money declining and so the onset of the recession. As I pointed out in this column last year, it was clear from the outset that the Government was going to have great difficulties in reconciling the tax reduction programme with monetary control. With hindsight, it is apparent that this point should have been made much more forcibly. In the light of the inflationary impetus built into the system, the rise in VAT, pressure on nationalised industry prices, and the acceptance of Clegg, the monetary and fiscal targets that the Government attempted to pursue since coming to office were over-ambitious.

The attempt to impose monetary control against a background of rapidly-increasing nominal public spending places an intolerable burden on the private sector in the process of getting the rate of inflation down. Such pressure inevitably leads the private sector to call for reflationary measures and a relaxation of monetary policy in the interest of short-term survival. Industry veers toward the camp of those who believe that another dose of reflationary medicine will have permanent effects on the level of output and employment, rather than being dissipated in yet another round of spiralling incomes and prices. The devil's alternative rears its ugly head, monetary policy is discredited and soon inflation again accelerates. That is the danger we now face.

North Sea oil and the exchange rate

While forecasting the exchange rate has proved to be one of the more hazardous exercises in the recent past, a start can be made by distinguishing between the rise in the rate as the result of the counter-inflation policy and the effects of North Sea Oil. Upward pressure on the exchange rate will be exercised by high interest rates and a contracting economy during the process of inflationary adjustment, accompanied by a major improvement in the current account of the balance of payments.



The exchange rate has its part to play in damping down price increases, both by lowering costs of imported materials and in preventing domestic price increases from being passed on in overseas markets. Unfortunately this process has been compounded by the influence of North Sea oil and rising world oil prices.

In the downward adjustment of the inflation rate, other things being equal, the exchange rate would be expected to be temporarily high, but to return to a lower equilibrium level as increased real spending takes place in the wake of a fall in the rate of inflation. It is this argument that basically underlies many forecasts of a fall in the exchange rate as the current account moves back into balance. However, under certain circumstances a premium element may remain because of North Sea oil, which has been associated with the problem of the decline in manufacturing industry.

There is also a problem here of what is temporary and what is permanent, even leaving the counter-inflation policy on one side. The direct impact of oil may lead to a temporary surplus in the current account with a rising exchange rate. To the extent that the North Sea oil benefit is ultimately offset by increased imports and capital exports, and this takes time, the exchange rate will also for a period lie above its long-term level. Where that level is will depend on the extent to which this adjustment is complete. While the exchange rate may lie temporarily above its long-term level, because of the counter-inflation policy and the lags in adjusting to North Sea oil, there is no logical reason why that level need imply long-term deindustrialisation. For example, the benefit of North Sea oil might be totally absorbed in the form of imports of capital and other goods with no long-term effect on manufacturing exports or the size of the manufacturing sector.

The need for a shift from manufacturing to services is entirely conditioned by the nature of the adjustment process, since, unless the benefit from North Sea oil is enjoyed through the imports and capital exports, the only other way in which it can be is through such a structural shift.

The upshot is an empirical question and it must be said that the principal current difficulty is in assigning magnitudes to the three sets of forces at work. The best guess at present, and it is no more than that, is that—in the absence of any immediate further oil price explosion—the real exchange rate will weaken during 1981 and into 1982, but not sufficiently to prevent some degree of de-industrialisation, that is, some permanent loss of existing export capacity. Whether that is made good by additional export capacity in the future is part of the issue as to the extent and nature of economic recovery.

Prospects for recovery

The prospects for economic recovery must be seen against the distinction between the cyclical and the trend behaviour of output and unemployment. The behaviour of adult unemployment as a per cent of the labour force since 1963 is recorded in the chart. Irrespective of the government in office, the record has been one of increasing unemployment at both the peaks and the troughs of the cycle.

The story is simple to tell, if tragic in its outcome. Repeated attempts to stimulate output and employment through public policies to increase overall monetary demand have resulted in successive bouts of inflation. In the process of adjusting to the inflation, profit margins are squeezed and unemployment rises, jobs are destroyed and industry weakened. The next time the dose is repeated, the supply response is reduced further, the inflation takes off more rapidly and the underlying rate of unemployment rises yet again.

In the most recent upswing, during which real disposable income rose by 15 per cent in two years, unemployment fell by only 100,000. It is these episodes of inflationary expansion which have been eating away the heart of British industry for nearly two decades. To see current problems simply in the context of the policies currently being pursued by government is to misunderstand their fundamental nature and to point to remedies that stand condemned by historical experience.

In adjusting to these inflationary outbursts, part of the increase in unemployment is temporary in that it will be reduced by the natural recovery of real demand as inflation falls, and part is of a longer term nature which requires adjustment in the labour market over a longer (and from a political perspective, too long) period. Provided that inflation is brought under control, the upturn which is expected in 1981-1982 will reflect the elimination of this temporary unemployment, but will do no more than halt the upward trend in unemployment. While it is clear that the interpretation of unemployment figures is difficult in the face of legislation and benefits, which encourage a certain degree of voluntary unemployment and the emergence of the black economy, it is clear that there will remain a hard core of unemployment that is the legacy of the mistaken inflationary policies of the past.

This hard core of unemployment will not be eliminated by reverting to past attempts at cure by simply raising the level of nominal expenditure through increasing public spending or cutting taxes, irrespective of the consequences for the monetary aggregates. Nor can we depend on the crutches of so-called incomes policies or general protection against foreign competition. The central problem is not the physical capacity of the system, but the economic capacity where this reflects the ability to compete in world markets at a profit.

For some kind of permanent incomes policy to affect this economic capacity requires control not over money wages but over real wages, which is in practice irreconcilable with a free economic society. Even the control of real wages will not guarantee the new business initiatives that are needed. The problems of exploiting the benefits of North Sea oil make the protectionist strategy totally irrelevant.

Protectionism in the past has been advocated to prevent the erosion of industry capacity, which is needed in order to pay for our import needs, particularly of food and raw materials. North Sea oil has stood this problem on its head. The difficulties that arise stem not from an incapacity to pay for our necessary imports, but from the fact that they can now be paid for too easily. Additional protection will only strengthen the exchange rate and exacerbate the pressure on exporters who will bear the cost of any benefits that accrue to import competing industries by making them even less necessary than before.

Neither practical monetarism nor the different brands of Keynesianism with or without incomes policies or protection can deal with core unemployment. Practical monetarists have never supposed that policies such as those associated with the medium-term financial strategy could ever do so. Their initial position rests on the argument that, unless financial and monetary control is achieved and inflation held in check, nothing will ever come right. It is a necessary but not a sufficient condition for ultimate success. To go further is to require the development of a coherent industrial strategy within the framework of the medium-term financial strategy.

This means almost certainly that any further ambitions to reduce the burden of personal taxation in the immediate future must be set aside in the interests of manufacturing industry. Any financial flexibility that arises from the effect of North Sea oil on the Government's borrowing requirement must not be dissipated in attempts to raise the general level of nominal expenditure, but focussed on direct aid aimed at facilitating the structural change that manufacturing industry needs to undergo, and in providing the infrastructure that industry needs over the next decade.

Such an industrial policy will not yield short-term results. It can hardly be started before inflation is brought under control. But it represents the challenge that faces the Government and both sides of industry, to which there are no easy or magic responses. At least if we can define what the problem is, and dispose of the facile solutions that are offered on all sides, we might at least begin to make a start.

Professor Ball is the Principal of the London Business School.

1981 EAST-WEST RELATIONS

Many unpredictable elements

By Ian Davidson, Foreign Affairs Editor

OVER THE past year it has become almost a cliché to say that the world has become more dangerous and unstable than it has been for 30 years or so. The Soviet military build-up, the consequent stalemate in the U.S. Congress of the second Strategic Arms Limitation Treaty (SALT II), the Iranian revolution, the Soviet invasion of Afghanistan, the Iran-Iraq war, the emergence of the free trade union movement in Poland, the election of Ronald Reagan to the U.S. Presidency on a strongly nationalistic platform, are all unpredictable elements any number of which could combine to form an explosive mixture.

Moreover, it is hard to believe that any of these elements will be safely neutralised in the foreseeable future. During the closing phases of his election campaign, Ronald Reagan went out of his way to counteract the impression that he was, or could be charged with being, a war-monger, and he has indicated that he wishes the arms control process to continue in some form or other.

But any attempt to renegotiate the SALT II agreement must be very time-consuming and fraught with difficulties, and those difficulties can only be exacerbated if the new U.S. Administration presses ahead (as it surely will) with its declared aim of substantially stepping-up the American defence effort at the same time.

Fears that the Iran-Iraq war could indirectly trigger off a major international conflict involving the superpowers now look distinctly overdone. But it is still not absurd to suppose that the inherent instability in the Middle East region could yet incite the Soviet Union to intervene in ways that could cause the West anything from inconvenience to serious damage [let alone that Moscow may, directly or indirectly, use force to bring the Polish trade union movement to heel].

What is more, the political causes of friction are being aggravated by factors of economic stress, and in the medium term these economic difficulties are likely to get worse. After inauguration day, Mr. Reagan may back away from his optimistic undertaking to cut taxes, balance the federal budget and increase defence spending by a large margin. But there can be little doubt that the world as a whole is facing a period of much lower growth than we were accustomed to in the 1960s, as well as much higher inflation and much higher unemployment.

There may or may not be a case for America (and the European members of NATO) to strengthen their defence capabilities, just in terms of the potential threat from the Soviet Union and its Warsaw Pact allies. But in the straitened economic circumstances of the next few years, there is bound to be a conflict between bigger defence budgets and welfare expectations, within the constraints of economies which will be producing little growth, lengthening unemployment queues, and a growing army of pensioners.

These stresses have already started to make themselves felt in trans-Atlantic arguments over whether the European members of NATO are really living up to their pledge to increase real defence spending by 3 per cent a year, and it is a safe bet that these arguments will get angrier in the years to come. The Dutch and the Danes are now openly chided by NATO officials for their inadequate defence efforts, and it would be imprudent to assume that the British defence ministry will in future be as successful as it was in 1980 in limiting the cuts in defence spending demanded by the British Treasury.

The conflict between the claims of defence and social welfare is likely to be less acute in the United States than in Europe, partly because America is less burdened with welfare and employment protection legislation, and partly because (on the evidence of the Reagan landslide) there is genuine popular support for the idea of a militarily stronger America; moreover it is possible that the U.S. economy will prove more adaptable to the oil crisis era, and thus generate the growth required for more defence spending.

Yet, paradoxically, relative European shortcomings on the defence front are likely to be seen—are already being seen—in the U.S., not as the consequences of tight, anti-inflationary budgets, and the accumulated constraints of three decades of welfarism, but as evidence that the Europeans are becoming defeatist.

That there is a defeatist or pacifist streak in some NATO countries in northern Europe is not deniable, nor that most European governments take a rather more complex view of East-West relations than the right wing of the Republican Party. But regardless of the explanations which might be given, the defence budget issue is almost bound to become a bitter bone of contention.

This could cut across the need for the Americans and the Europeans to work out together how best to deploy the resources that are likely to be available in the defence of peace. In the second place, it could lead the U.S. to take the view (already being advanced by some voices in America) that, if the Europeans are not prepared to defend themselves, then they do not deserve to be defended by the U.S.

Oil wealth problems

In the event, the Iran-Iraq war has not so far cut off oil supplies from the non-belligerent states in the Gulf, and the Iranian revolution has not so far been imitated by any of its Middle East neighbours. Yet it is obvious that the wealth from oil which has flooded into the region in the past decade is a powerful agent of potential instability, as well as an enormous strategic prize for outsiders.

The most pressing dilemma for the West is to evolve, more coherently than proved possible under President Carter, a joint strategy for facing the potential dangers in the Middle East, and to avoid a situation where the Middle East problem simply aggravates the argument over defence spending.

Much depends on what happens in Poland, where the outlook remains as uncertain as ever. On the face of it, it would seem impossible for the Soviet Union to tolerate the emergence and survival of free trades unions in any satellite country, not so much because it flies in the face of Communist ideology, as because it constitutes a challenge to authoritarian government and thus, indirectly, a challenge to the Soviet empire. Yet so far there has been no Soviet intervention; warning noises and militaristic gestures, but no violent repression.

If the Russians do invade Poland, or cause it to be invaded by Warsaw Pact troops, they can be sure of at least four consequences.

First, East-West relations, already at their coolest for many years, would return to a frigidity not known since the Cold War.

Second, such a move coming on top of the invasion of Afghanistan, would go far to close the cracks in the Western alliance, though without necessarily creating unanimity on the appropriate responses.

Third, it would impose a considerable economic cost on the Soviet Union, quite apart from the bloodshed and destruction, which would probably be much greater in the case of Poland than it has so far been in Afghanistan, and even that war shows no sign of ending. Indirectly, a Soviet repression in Poland would be bound to lead to a reduction of trade, technology and finance from the West; directly, it would probably mean that the Soviet Union would have to take responsibility for financing Poland's $23bn external debt.

Fourth, a Soviet invasion of Poland might well trigger off a new East-West arms race. And while in present circumstances the Soviet Union might be in a position to enter an arms race with America and at least be sure of not losing (though at heavy economic cost), it might be a different matter to enter such an arms race while simultaneously holding down, and baling out, the Poles.

Whether these penalties will be enough to deter the Russians remains from day to day an open question. The only relatively safe way they can be sure of the suppression of the trades union challenge is for the new Polish leadership to do the suppressing, if necessary calling on the assistance of the Warsaw Pact to back it up. But so far the Polish leadership has shown no sign of going down this road, and with every week that passes it becomes more difficult to suborn, intimidate or otherwise undermine the Solidarity trades union by inconspicuous methods.

At this delicate juncture, it remains conceivable that Ronald Reagan could tilt the balance, or at least buy time for the Solidarity trades union, by the way he approaches the Soviet Union in his first weeks in office. It may be just possible that, in exchange for the prospect of the continuation of trade, technology and finance from the West, and the chance of a meeting of minds on a resuscitated SALT treaty, the Soviet leadership would be prepared to turn a blind eye to Mr. Lech Walesa's challenge to the Soviet system. On the face of it, this is an implausible hypothesis, but every passing week makes it fractionally less implausible.

Benlox to raise £0.68m by rights

Benlox Holdings, the small building and contracting group, where the composition of the board changed substantially in October, following transactions involving one quarter of the shares, is raising £675,000 by way of a rights issue of 2.34m 10p shares.

The basis is one new share at 30p for each one held on December 23—the shares closed at 39p yesterday, down 4p.

Benlox has also reported pre-tax profit in the six months to to August 31, of £28,000 (£23,000) on turnover of £365,000 (£201,000). Earnings per share were 1.03p (1.77p) no interim dividend was declared in either period. An extraordinary charge of £16,000 included £14,000 for investigation and professional costs of abortive negotiations for possible acquisitions.

The chairman, Mr. R. D. Harnett, said he was confident the company would trade at the same level in the second half.

The rights issue proceeds will be used to finance the development of the company's stonemasonry businesses as well as to provide funds for investment, particularly in manufacturing, as opportunities arise.

The issue has been underwritten by Fiske and Co., who are also brokers to the issue. Dealings in the new shares begin on January 19 and the final day for acceptances is February 6. An EGM will be held on January 16 to approve an increase in the authorised share capital from £0.3m to £0.6m by the creation of 3m 10p shares.

Last year, Benlox raised £0.2m in a four-for-five rights issue at 20p a share.

CI expects significant midway loss

A SIGNIFICANT LOSS is expected to the first half of the current year at Caravans International, Mr. S. Alper, chairman, says in his annual review.

Trading conditions remain difficult and the benefit of the saving in bank interest, expected from the receipt of proceeds from the disposal of the South African interests, will not be received until the second half.

The directors anticipate an improvement in conditions for the group by then, although Mr. Alper says it is impossible to forecast the full-year's result with any precision.

As known, pre-tax profits for the year ended August 31, 1980 slumped from £2.1m to £0.14m and only a nominal 0.1p dividend, against 5.42p, is being paid.

E. Bailey boost London Inv. Trust in first half

GROUP pre-tax profits of London Investment Trust, formerly known as Catel Trust, came out at £475,226 (£9,423) in the six months ended September 30, 1980, on turnover of £1.01m (nil).

The results show the impact at the interim stage of E. Bailey Commodities, which was acquired last year and contributed the bulk of the latest pre-tax profits.

Associated company profits of £5,570 (£1,925) represent the 36.3 per cent of the profits of Investors Savings Trust up to September 3, the date of the acquisition of a further 63.28 per cent of the company. Tax took £253,497 (nil).

An interim dividend of 0.35 net (1979 nil) has been declared and, subject to unforeseen circumstances, the board will recommend total dividends for the year of not less than 1.25p

LIT, which has three ex-Slater Walker men on the board and recently held off an attempt by Australian businessman Mr. Alan Bond to buy a sizeable minority stake, has been transformed by the acquisition of E. Bailey Commodities.

Progress made at Bailey is "most satisfactory," the company has joined the London Potato Futures Association, has become a member of the International Petroleum Exchange and is exploring the "most appropriate method of participating in new monetary and financial futures markets as and when these open in London."

On 29 September, the directors report, LIT acquired Petersham House through its subsidiary LIT Properties and although a small contribution to profits is expected in the current year, "the main benefit of the acquisition will not be felt until 1981-1982."

LIT is looking at a number of possible bid situations but a spokesman stressed that no announcement is imminent.

Yearlings slip

The interest rate on this week's issues of local authority yearling bonds has fallen ½ of a point to 14 per cent. The bonds are issued at par and dated January 6, 1982.

Holt Lloyd sees lower second half

In a letter to shareholders, Mr. T. Heywood, chairman of Holt Lloyd International, the car-care products group, says that while profits in the second half of the current year continue to be substantial, they will not be as high as the £2m achieved in the first six months.

The chairman remains reasonably optimistic about next year, but in the prevailing climate, takes a cautious view.

Poor turnout for three annual meetings

The few shareholders who attended yesterday's annual meetings of "W" Ribbons, Lockwood, and Howard and Wyndham—all with their own special problems—were told little or nothing about trading and prospects.

"W" Ribbons, which made a pre-tax loss of £1.15m in the year to June 30, 1980, did, however, offer some reassurance to shareholders worried over its future. Canned foods company Lockwood and publishing and jewellery company Howard and Wyndham gave no indication of their progress, though Lockwood opened up after the formal business.

"W" Ribbons—Chairman Mr. Jim Wildi told shareholders in answer to a question: "We are paying all our debts, we are meeting our interest charges, and we are not borrowing any more money from the banks."

Lockwood—The poorly attended meeting in Lincolnshire lasted only a few minutes. But Mr. Philip Lockwood, the chairman, said later that he hoped for an improvement this year, mainly in the second half.

Howard and Wyndham—Apart from the re-election of two directors, the meeting in Edinburgh contained nothing of note and was also brief, with no questions.

Johnson and Barnes losses climb to over £229,000

Losses before tax of Johnson and Barnes, clothing manufacturer, jumped from £70,745 to £229,569 in the first half of 1980, on turnover down at £776,747 against £1.05m.

The directors say losses have continued into the autumn, but overheads have been reduced by vacating a large part of the group's factory site and concentrating the reduced workforce into a relatively small area of the factory.

They add that conditional planning approval has been obtained for the redevelopment of the major part of the site and a number of major retail groups have expressed interest.

The first-half loss was struck after crediting profits of £2,779 (£1,831) on the disposal of plant and machinery, and short-time working subsidy of £101,199 (£8,450 temporary employment subsidy). There was a tax charge last time of £813, but none this time.

The interim dividend is again omitted—the last distribution was 1.56p in 1975, followed by a one-for-one scrip issue, from pre-tax profits of £34,347.

For the whole of 1979, there were losses of £152,000.

Johnson and Barnes is a subsidiary of Grand Central Investment Holdings and the ultimate holding company is Kuril Plantations Sdn. Berhad (Malaysia).

STERLING CREDIT

Sterling Credit Group's accounting reference date is to be changed to December 31. No interim statement will therefore be made in respect of the six months ended September 30, 1980.

BIDS AND DEALS

CMT claims Hanson bid price "totally inadequate"

IN a circular formally giving the directors' reasons for advising shareholders in Central Manufacturing and Trading to reject the bid from Hanson Trust, the group's acting chairman, Mr. Robert Lewis dismisses the bid as "an opportunistic attempt to acquire CMT at a low point in the economic cycle."

He goes on to say that the price—one Hanson share for every four CMT shares or 49p cash—is "totally inadequate, and takes no account of the substantial reduction in borrowings or the forecast recovery in profits and dividends."

Mr. Lewis reiterates the financial and organisational changes which have recently taken place in CMT. The directors are satisfied that these measures are taking effect and forecast a "substantial" recovery in profitability for the year ending July 31, 1981, even though the immediate outlook is not good.

Management accounts for the first four months of the current year show that CMT was trading profitably after finance charges, while borrowings had been reduced to £5.4m by November 30 (against £9.4m in July and £16.9m a year ago).

On the basis of their profit forecast, the directors have decided that, unless prevented by unforeseen circumstances, they will recommend dividends for the current year totalling 3.0p net (4.28p gross) per ordinary share.

Assuming an unchanged dividend from Hanson, CMT claim that the income from CMT shares on a 3p dividend would be 41.2 per cent greater than that obtainable from the shares being offered by Hanson in exchange. CMT also points out that its shares stand at a premium to Hanson's share offer and to the cash alternative.

Hanson Trust responded to the rejection document by repeating that its offer lapses on January 5, 1981 and will not be increased. The statement views with scepticism the assumptions on which CMT's profit forecast is based.

Earnings of £1.2m would be needed to cover a 3p dividend once; Mr. Martin Taylor, a director of Hanson, argued that most of this must remain to be earned in the final eight months, otherwise CMT would have said more exactly how profitably it had traded to date.

This doubt about current profitability was echoed by Mr. James Leek of Caparo, which now holds 18.6 per cent of CMT.

Caparo has consistently opposed the Hanson bid and continued to buy CMT shares in the market at a premium to the Hanson offer, but has held back from deciding upon a counter-offer until more precise figures were made available to it.

The present statement does not satisfy Caparo's needs, Mr. Leek said. In particular, the talk of "substantial recovery" left unclear whether recovery was to be calculated from last year's pre-tax loss of £591,000 or the profit of £309,000 against which £900,000 of stock write-downs were made.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—W. E. Norton.

FUTURE DATES

Interims—

Electronic Rentals	Jan. 8
Hollas	Jan. 7
Racal Electronics	Jan. 29

Finals—

Anglia Television	Jan. 21
Bett Brothers	Jan. 12
Birmingham Pallet	Jan. 8
Kershaw (A.)	Jan. 22
Manchester Ship Canal	Feb. 9
Pleasurama	Jan. 8
Rank Organisation	Jan. 22

Ceramics yes to Blue Circle

THE Lebanese owners of nearly 29 per cent of the equity in Armitage Shanks, the sanitaryware maker, have finally decided to accept the £35m bid from cement group Blue Circle Industries.

The decision to accept by Ceramics Investments, advised in the UK by Middle East Associates, comes nearly 12 weeks after Blue Circle bid a second time for Armitage having had its first attempt checked by a Monopolies Commission investigation.

Blue Circle's offer for Armitage went unconditional early in November. At that time, Blue Circle had gained control of 64 per cent of the Armitage shares, including the 15 per cent which it already owned.

Blue Circle has been told informally of the decision by Ceramics, owned by the Gargour family which has widespread industrial and financial interests.

Ceramics' advisers recommended acceptance of the bid over a month ago, but it has taken time to obtain firm decisions from the various members of the family.

Because the semi-cash alternative has already expired, Ceramics will be receiving two Blue Circle shares for every six of Armitage which it holds. Yesterday, Blue Circle shares closed at 342p, a rise of 4p on the day.

S. Sherman suspended

Shares in Samuel Sherman, the loss-making dress company, were suspended at 10½p yesterday after the signing of a property deal, valuing the company at £420,000 in the market.

Sherman exchanged contracts on Christmas Eve for the sale of its leasehold interest in its office building in Hanover Square in London's West End for £600,000 in cash, payable in three instalments with the last due in April, 1981.

The board asked for a temporary halt to dealings because of the size of the deal in relation to Sherman's business. Full details, including the name of the purchaser, will be circulated later.

STROUD RILEY—HIELD BROS.

Stroud Riley Drummond states that the consideration payable for the acquisition of 3.4m ordinary shares and 14,150 4.5 per cent cumulative preference shares in Hield Brothers was £272,029 and not £327,029 as originally announced in error.

BOVIS RESTRUCTURES IN INDONESIA

The Indonesian subsidiary of Bovis South East Asia—P. T. Karimun Granite (Karimun)—is to restructure its equity, involving a reduction of the Bovis stake from 80 per cent to 50 per cent.

The transactions involve the acquisition by another Indonesian company, P. T. Pendawa Sempura (Pendawa), of 80,000 shares of U.S.$1 each in Karimun from existing minority shareholders, and a further subscription of 1.92m shares at par.

HOUSE OF FRASER

Sir Hugh Fraser's trustee interests in House of Fraser, of which he is chairman, have been increased by 475,000 shares in recent transactions by the Hugh Fraser Foundation. The 1966 trust has also acquired 100,000 shares.

CU takeover of British & European

Arrangements have been completed between Commercial Union Assurance and Munchener Ruckversicherungs - Gesellschaft (Munich Re), whereby CU will acquire the 25 per cent stake in British and European Insurance that Munich holds.

As a result British will become a wholly-owned subsidiary of CU, which will facilitate the consolidation of non-marine reinsurance business in the London market currently written by CU.

The other relationships between Munich Re and CU, which have existed since 1962, will continue unchanged.

Liggett rises first quarter

PRE-TAX profits of the Liggett Group of the U.S. rose from $36.5m to $40.4m for the quarter ended September 30, 1980.

The group, whose results will be incorporated in the Grand Metropolitan consolidated accounts from June 1, 1980, reports net sales of $287.89m. This compares with $276.65m for the corresponding quarter of 1979, which included $12.8m from Austin, Nichols and Co., a wines and spirits subsidiary sold in May, 1980.

Operating income was $45.26m ($44.49m). Corporate and other expenses were $4.57m ($3.83m), with interest charges less interest received $290,000 ($4.19m).

The results will be adjusted before being incorporated into the Grand Metropolitan accounts.

IN BRIEF

JOHN WILLIAMS OF CARDIFF—Results for year ended September 30, 1980, reported December 5. Shareholders' funds £7.8m (£5.62m). Long and medium term loans (partly secured) £915,405 (£927,244). Bank loans and overdrafts £1.82m (£2.08m). Cash £4,500 (£28,202). Meeting, Cardiff, January 30, noon.

RANKS HOVIS McDOUGALL—Results for year to August 30, 1980, with prospects for current year reported on December 3. Historical pre-tax profits of £32m reduced to £12.7m on CCA basis after adjustments for depreciation £15.9m, cost of sales £11m and gearing £7.6m. Shareholders' funds, £294.7m (£287.6m). Loan capital £139.61m (£132.66m) including bank loans of £72.38m (£58.1m). Mr. Joseph Rank, chairman is to retire on January 31 and will be succeeded by Mr. Peter Reynolds. Meeting, the Dorchester Hotel, W., January 29, at noon.

ASSOCIATED ENGINEERING—Results for year to September 30, 1980, reported on December 12. Shareholders' funds £152.2m (£143.7m); short-term bank loans and overdrafts £51.4m (£34.6m). Exports for the year amounted to £75.7m (£62m). Chairman says he is convinced that company's strategy on capital expenditure and product development should stand it in good stead. But he says profits for the first half will be at a low level. Meeting, Savoy Hotel, Strand, WC, January 29, 4 pm.

NORTHERN FOODS—Results for year to September 30, 1980, reported December 11. Shareholders' funds £166.14m (£150.68m); cash, bank and short-term investments £8.01m (£16.72m); overdrafts £5.5m (£20.64m); current loan instalments £5.02m (£0.74m). CCA pre-tax profit £25.38m against historic £31.56m. Meeting, Willerby, near Hull, January 30, at 12.30 pm.

SPAIN

December 30	Price %	+ or −
Banco Bilbao	251	+2
Banco Central	280	+5
Banco Exterior	229	+2
Banco Hispano	235	+5
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	284	+2
Banco Urquijo	148	+3
Banco Vizcaya	283	
Banco Zaragoza	204	
Dragados	62	
Espanola Zinc	47	+1
Fecsa	59.5	−2.5
Gal. Preciados	22	−2
Hidrola	71	
Iberduero	62.5	+1.5
Petroleos	77	
Petroliber	75	−5
Sogefisa	102	
Telefonica	83	+2
Union Elect.	66	−1

RCM continues capital spending

BY GEORGE MILLING-STANLEY

EXPANSION CONTINUES apace at Zambia's 61 per cent state-owned copper and cobalt producing Roan Consolidated Mines, despite the company's recent history of falling profits on both of its products.

Following the recent disclosure of a Kwacha 58m (£31m) capital expenditure programme to expand cobalt output, RCM yesterday announced that it is to spend a further K15.7m on installing a conveyor belt to link its Baluba mine with the metallurgical plant at Luanshya, both on Zambia's copperbelt.

Baluba is the company's newest producer, and has reserves of more than 62m tonnes of ore, grading 2.58 per cent copper and 0.15 per cent cobalt.

At present, the mine's daily output of some 6,000 tonnes of ore is transported by train to Luanshya for treatment. Under an expansion programme now taking place, Baluba's output will almost double to around 11,000 tonnes of ore a day, which is too much for the rail system to handle.

About half of the money to be spent will go to a British company, Cable Belt, with the remainder going to domestic Zambian companies.

Preparation of the route, most of which runs through virgin bush, will begin in January, with commissioning scheduled for August, 1982.

RCM's larger sister company, Nchanga Consolidated Copper Mines, has announced plans to cut costs by reducing its labour force of 35,000 by 10 per cent through natural wastage.

On the basis of normal staff turnover, NCCM said that the process was expected to take about a year. The workforce has almost doubled over the past 10 years.

NCCM's profits for the first quarter ended on June 30 fell by 13 per cent to K10.7m, and the cuts have been decided on because of the company's present stringent financial position, according to Zambian press reports.

All divisional establishments are to be reduced by an overall minimum of 10 per cent, with a specific 10 per cent cut in jobs currently filled by expatriates.

Strong gas show at Woodada No. 3 well

A "VERY STRONG" gas show over 1 metre has been encountered in the Woodada No. 3 well in the Perth Basin of Western Australia, according to Strata Oil which has a 26.95 per cent interest in the Woodada gas field.

Woodada 3 is being drilled to define the extent of the field first discovered in May this year. Woodada's 1 and 2 both flowed at rates in excess of 32m cubic feet of gas a day.

The latest well, which has a target depth of 2,897 metres, is currently at 2,376 metres (7,796 ft) and drilling ahead. Strata expects the zone of major interest to be reached in the next few days and prior to the next scheduled drilling report, due on January 5.

The other participants in the Woodada field include Hughes and Hughes of Texas, operator with 65 per cent, the UK-registered Hampton Trust, with 3.5 per cent and Australia's Mincorp with 1 per cent.

The remaining 3.55 per cent is held by a number of individuals and companies.

LONDON TRADED OPTIONS

(Dec. 29 Total contracts 582)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	330	92	—	102	3	—	—	416p
BP	360	64	10	76	—	—	—	"
BP	390	38	100	58	4	—	—	"
BP	420	17	11	36	4	64	—	"
BP	460	4	—	23	3	38	—	"
BP	500	8	—	12	15	27	—	"
Com. Union	160	8	—	5	4	9	—	140p
Cons. Gold	538	12	—	35	1	—	—	[illegible]
Cons. Gold	638	2	—	10	—	18	1	"
Courtaulds	50	7½	29	13	—	15	—	[illegible]
Courtaulds	60	2	—	6	69	9	69	"
Courtaulds	70	½	—	3	—	5½	2	"
GEC	460	152	1	177	—	—	—	608p
GEC	600	28	19	67	6	95	—	"
GEC	650	6	—	43	5	70	—	"
ICI	330	7	—	25	100	36	—	322p
Land Sec.	333	31	1	—	—	—	—	367p
Land Sec.	360	—	—	38	2	46	—	"
Land Sec.	390	3	25	20	—	30	2	"
Marks & Sp.	100	17	1	24	—	27	—	116p
Marks & Sp.	110	7	30	15½	—	19	—	"
Marks & Sp.	120	2	5	9½	6	13	—	"
Shell	550	1	—	12	15	20	—	470p
Totals			232		197		54	
		February		May		August		
Imperial Gp.	70	6	70	7½	—	10½	—	78p
Lasmo	750	52	3	97	40	133	—	787p
Lasmo	800	32	—	74	—	110	1	"
Lonrho	90	—	—	15	50	21	—	95p
Lonrho	100	—	—	10	4	14	—	"
Lonrho	114	2½	6	—	—	—	—	"
Racal Elec.	330	34	42	40	—	54	2	"
Racal Elec.	390	5	—	17	2	28	—	326p
Totals			121		96		3	

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Companies and Markets **CURRENCIES, MONEY and GOLD**

Dollar weak

Dollar lost ground in very thin year-end trading, influenced by the downward trend in Euro-dollar interest rates. Apart from the recent lowering of U.S. interest rates there was little else to affect the market, although the rise in Morgan Guaranty's broker loan rate of 20½ per cent from 20 per cent came as something of a surprise, with the increase to 21 per cent from 19¾ per cent by Citibank coming too late to influence European trading.

European currencies improved against the dollar, while the Dutch guilder replaced the French franc as the strongest member of the European Monetary System. The Belgian franc was fixed at its floor against the French franc in Brussels.

Sterling was firm, particularly in the afternoon, attracting late buying out of New York.

DOLLAR — trade-weighted index (Bank of England calculation) fell to 85.9 from 86.6. The U.S. currency declined to Y203 against the yen, the lowest closing level since February 1979, compared with Y206.60 on Monday. During the day it touched a low of Y201.80. The dollar also lost ground to the D-mark falling to DM 1.9525 from DM 1.9575, and to the Swiss franc, weakening to SwFr 1.7600 from SwFr 1.7700.

STERLING — trade-weighted index (Bank of England) rose to 78.6 from 77.9, after opening at 77.9 and rising to 78.1 at noon. The pound opened at \$2.3650-2.3680, the lowest level of the day, and touched a peak of \$2.3975-2.4000 in the afternoon, before finishing at \$2.3905-2.3925, a rise of 2.55 cents on the day, and the highest closing level since November 18.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position. In recent weeks the fear of a Soviet invasion of Poland and the sharp rise in U.S. interest rates also caused problems for the German currency, but conditions in central Europe now appear more stable, while U.S. rates have shown signs of declining — The D-mark showed mixed changes at the Frankfurt fixing, improving against the dollar and French franc, but losing ground to sterling, the Swiss franc and Dutch guilder. The Bundesbank did not intervene when the dollar was fixed at DM 1.9480 compared with DM 1.9580, and the central bank was probably not active in the open market. The downward trend in Eurodollar rates was partly responsible for the dollar's weakness, but trading was erratic at the end of the year. The pound rose to DM 4.6380 from DM 4.6180, and continued to advance in late European trading.

BELGIAN FRANC — One of the weaker members of the EMS, but the decline of the D-mark has tended to keep pressure off the more depressed European currencies — The Belgian franc remained at its lowest permitted level against the French franc, under the rules of the EMS, at the Brussels fixing, but improved against the D-mark, Irish punt and Italian lira. The French currency was again fixed at its ceiling of BFr 6.96, while the D-mark eased to BFr 16.1480 from DM 16.16. Outside the EMS sterling rose to BFr 74.80 from BFr 74.67, while the dollar fell to BFr 31.415 from BFr 31.615.

JAPANESE YEN — Very firm recently, despite the rise in U.S. interest rates, reflecting Japan's strengthening economic performance — The yen gained ground in moderate Tokyo trading, reflecting expectations of continued Japanese economic growth in 1981. The dollar touched a 21-month low of Y205.30 just before the close, and finished at Y205.40, compared with Y207.85 on Monday, and Y206.40 at the opening.

THE POUND SPOT AND FORWARD

Dec. 30	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3650-2.4000	2.3905-2.3925	0.66-0.85c dis	−3.51	1.55-1.85dis	−2.84
Canada	2.8100-2.8480	2.8405-2.8425	0.10-0.40c dis	−1.05	1.10-1.40dis	−1.76
Nethlnd	5.03-5.08	5.05½-5.06½	3¼-2¼c pm	6.52	7¼-6½ pm	5.33
Belgium	74.40-75.30	75.10-75.20	25-15c pm	3.19	43-33 pm	2.02
Denmark	14.18-14.32	14.29-14.31	3½-3¼ore pm	2.89	¼ pm-3 dis	0.33
Ireland	1.2400-1.2530	1.2510-1.2525	0.27-0.09p pm	1.72	0.45-0.25 pm	1.12
W. Ger.	4.61-4.68	4.66-4.67	2½-2½pf pm	7.72	7¾-6¾ pm	5.78
Portugal	125.20-126.70	126.20-126.50	20c pm-55 dis	−1.66	10pm-130dis	−1.90
Spain	187.90-189.55	189.30-189.40	175-75c pm	7.92	35pm-100dis	−0.65
Italy	2192-2216	2213-2215	par-5lire dis	−0.81	18½-21½dis	−3.61
Norway	12.25-12.34	12.32-12.34	12½-9ore pm	10.48	15½-13 pm	4.78
France	10.70-10.81	10.78½-10.79½	5-4c pm	5.00	6-8 pm	3.15
Sweden	10.37-10.49	10.48-10.48	2¼-5ore dis	−4.51	9½-11¼ dis	−4.06
Japan	482-490	485-487	3.20-2.55y pm	7.16	7.00-6.05 pm	5.37
Austria	32.75-33.05	32.95-33.00	14-8gro pm	4.00	43-22 pm	3.94
Switz.	4.17-4.22	4.20-4.21	4¼-3¼c pm	10.70	10⅞-9⅞ pm	9.87

Belgian rate is for convertible francs. Financial franc 75.35-75.45. Six-month forward dollar 1.65-2.05c dis. 12-month 1.65-2.25c dis.

THE DOLLAR SPOT AND FORWARD

Dec. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3650-2.4000	2.3905-2.3925	0.55-0.85c dis	−3.51	1.55-1.85dis	−2.84
Ireland†	1.9050-1.9150	1.9050-1.9160	0.70-0.85c dis	−4.87	1.70-1.85dis	−3.72
Canada	1.1865-1.1884	1.1879-1.1884	0.15-0.10c pm	1.26	0.20-0.16 pm	0.59
Nethlnd.	2.1160-2.1320	2.1200-2.1250	1.75-1.60c pm	9.47	4.50-4.00 pm	2.84
Belgium	31.39-31.48	31.43-31.46	28-23c pm	8.36	4.30-4.15 pm	7.96
Denmark	5.9800-5.9950	5.9850-5.9960	2.90-2.40ore pm	5.31	46-42 pm	6.60
W. Ger.	1.9450-1.9600	1.9520-1.9530	1.55-1.40pf pm	9.06	3.90-3.75 pm	7.84
Portugal	52.75-53.05	52.90-53.05	20c pm-5dis	1.70	40 pm-10 dis	1.13
Spain	79.00-79.35	79.00-79.30	40-10c pm	3.79	20 pm-15 dis	0.13
Italy	924.25-926.00	925.00-925.75	2lire pm-par	1.30	2½-4½ dis	−1.51
Norway	5.1325-5.1730	5.1525-5.1575	4-3½ore pm	8.73	9½-8 pm	7.18
France	4.5100-4.5375	4.5100-4.5150	3.80-3.50c pm	9.71	9.80-9.40 pm	3.85
Sweden	4.3760-4.3830	4.3780-4.3830	0.35-0.50ore dis	−1.16	1.20-1.35dis	−1.16
Japan	201.80-204.50	202.95-203.05	2.10-1.90y pm	11.82	4.35-4.15 pm	8.37
Austria	13.78-13.83	13.78-13.81	8.60-8.00gro pm	7.22	22.25-20.25pm	6.15
Switz.	1.7500-1.7700	1.7595-1.7605	2.15-1.95c pm	13.98	5.20-5.00 pm	11.59

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.6	−26.3
U.S. dollar	86.9	−7.9
Canadian dollar	79.5	−18.6
Austrian schilling	140.3	+22.4
Belgian franc	111.4	+11.0
Danish kroner	102.6	−6.9
Deutsche mark	147.6	+40.3
Swiss franc	168.5	+78.0
Guilder	123.3	+18.6
French franc	97.1	−7.6
Lira	50.4	−52.6
Yen	144.6	+46.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Dec. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.558334	0.553636
U.S. \$	13	1.27175	1.30714
Canadian \$	17.28	1.51084	1.55569
Austria Sch.	6¾	17.6838	18.1170
Belgium F.	10	40.2064	41.3384
Danish K.	11	7.64958	7.84838
D'mark	7½	2.49669	2.55781
Guilder	0	2.71837	2.78608
French Fr.	9½	6.77438	6.93665
Lira	16½	1180.16	1214.99
Yen	7¼	264.270	270.161
Norwgn. Kr.	9	6.58767	6.76446
Spanish Pts.	8	101.041	103.666
Swedish Kr	10	5.56756	5.71770
Swiss Fr.	3	2.25281	2.31266

OTHER CURRENCIES

Dec. 30	£	\$		£ Note Rates
Argentina Peso	4755-4775	1986-1993	Austria	32.75-33.05
Australia Dollar	2.0240-2.0280	0.8470-0.8475	Belgium	74.80-75.50
Brazil Cruzeiro	166.0-167.0	65.17-65.50	Denmark	14.19-14.26
Finland Markka	9.16-9.23	3.8340-3.8376	France	10.75-10.85
Greek Drachma	108.638-111.886	46.00-46.50	Germany	4.64-4.68
Hong Kong Dollar	12.17-12.20	5.0856-5.0916	Italy	2196-2235
Iran Rial	171.05*	72.36*	Japan	483-488
Kuwait Dinar(KD)	0.646-0.646	0.2710-0.2713	Netherlands	5.05-5.09
Luxembourg Frc.	75.10-75.20	31.43-31.45	Norway	12.22-12.32
Malaysia Dollar	5.2050-5.2150	2.2130-2.2180	Portugal	124¾-132¾
New Zealand Dlr.	2.4836-2.4880	1.0390-1.0406	Spain	183⅛-192⅛
Saudi Arab. Riyal	7.86-7.98	3.3276-3.3326	Sweden	10.39-10.49
Singapore Dollar	5.0666-5.0200	2.0286-2.0940	Switzerland	4.19-4.23
Sth. African Rand	1.7846-1.7860	0.7460-0.7470	United States	2.36¼-2.40¼
U.A.E. Dirham	8.66-8.72	3.6676-3.6780	Yugoslavia	80½-87¾

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.3350	+3.88	+1.28	±1.53
Danish Krone	7.72336	7.87208	+1.93	−0.67	±1.64
German D-Mark	2.48208	2.56040	+5.16	+0.56	±1.125
French Franc	5.84700	5.94026	+1.60	−1.00	±1.3557
Dutch Guilder	2.74362	2.78682	+1.57	−1.03	±1.512
Irish Punt	0.668201	0.688676	+3.06	+0.46	±1.668
Italian Lira	1157.79	1218.33	+5.23	+2.81	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Dec. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.392	4.665	486.0	10.79	4.265	5.060	2214.	2.842	75.15
U.S. Dollar	0.418	1.	1.951	203.2	4.512	1.758	2.116	925.8	1.188	31.42
Deutschemark	0.214	0.513	1.	104.2	2.313	0.901	1.085	474.6	0.609	16.11
Japanese Yen 1,000	2.058	4.921	9.589	1000.	22.20	8.652	10.41	4556.	5.847	154.6
French Franc 10	0.927	2.216	4.323	450.4	10.	3.897	4.690	2052.	2.633	69.65
Swiss Franc	0.238	0.569	1.109	115.6	2.566	1.	1.203	526.5	0.576	17.87
Dutch Guilder	0.198	0.473	0.922	96.05	2.132	0.831	1.	437.5	0.562	14.85
Italian Lira 1,000	0.452	1.080	2.107	219.5	4.874	1.899	2.285	1000.	1.283	33.94
Canadian Dollar	0.352	0.842	1.642	171.0	3.797	1.480	1.781	778.9	1.	26.45
Belgian Franc 100	1.331	3.183	6.208	646.7	14.36	5.595	6.733	2946	3.781	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 1/4	offer 17 3/8	bid 16 1/4	offer 16 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	16⅛-16	19¾-20	16-17	8⅜-8⅝	1-5	8⅜-8⅝	10½-10¾	8-10	9-9½	7-7½
7 days' notice	15-15½	20-20⅛	16-17	8¾-9	1¾-2¼	8⅝-8¾	5½-7⅛	15½-15⅞	10-10½	7⅝-8
Month	14⅞-15⅛	17⅝-18	17⅝-18	9⅛-9⅜	3¾-4⅛	8⅞-9⅛	10⅛-10½	16-17½	11⅞-12⅛	8⅛-8¾
Three months	14⅞-15⅛	17⅛-17⅜	16⅞-17¼	9⅛-9⅛	5¼-5⅝	8⅞-9⅛	11¼-11½	16¼-16¾	12⅛-12⅝	8¾-9
Six months	14⅝-14⅞	16¼-16½	15½-15⅞	9⅜-9⅞	5⅝-5¾	8⅞-9⅛	11⅝-12	18⅝-19⅝	13-13⅛	8⅞-9⅛
One Year	14-14¼	14⅛-16	15⅞-14	9⅛-9⅛	5¼-5⅜	9-9⅛	12½-13⅛	18¼-20¼	13-15⅛	9-9¼

Asian \$ (closing rates in Singapore) one-month 18-18¼ per cent; three-months 17⅝-17⅞ per cent; six-months 18⅛-18⅜ per cent; one year 14½-15⅛ per cent. Long-term European two years 14⅛-14⅜ per cent; three years 14⅛-14⅜ per cent; four years 14-14¼ per cent; five years 14-14¼ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.05-18.15 per cent; three-months 16.60-16.70 per cent; six-months 15.80-15.90 per cent; one year 14.30-14.40 per cent.

INTERNATIONAL MONEY MARKET

Dutch rate cut

The official Dutch call money rate was cut to 8 per cent from 8½ per cent in Amsterdam yesterday, reflecting an upswing in money market liquidity levels. The previous move came on December 15, when the rate was increased to 8½ per cent from 7 per cent. In the money market yesterday call money was quoted at 7 per cent compared with 8½ per cent on Monday. Longer term rates were also easier, with one-month money at 9 per cent against 9⅛ per cent. Three and six month money rates were steady, while the one year rate fell to 9¾ per cent from 10 per cent.

In Frankfurt call money was easier at 8 per cent compared with 9 per cent on Monday. The fall came despite the maturity of some DM 6bn of currency swaps, with the latter having been arranged earlier by the authorities in order to help banks through a traditionally tight period.

A feeling held by some dealers that the Bundesbank would announce further credit facilities was confirmed with the announcement of a new short term credit issue, replacing a similar package expiring on January 5. The new facility will be due for repayment on February 4. The December issue totalled DM 6.2bn at a rate of 9½ per cent.

MONEY RATES

NEW YORK	
Prime Rate	20-21½
Fed. Fund	20⅛-20⅝
Treasury Bills (13-week)	14.15
Treasury Bills (26-week)	13.64
GERMANY	
Discount Rate	7.5
Overnight Rate	8.0
One month	10.60
Three months	10.40
Six months	10.00
FRANCE	
Discount Rate	9.5
Overnight Rate	11.0
One month	11.0625
Three months	11.5625
Six months	12.3125
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.6875
Bills Discount (three-month)	9.5625

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day to day credit was in adequate supply in the London money market yesterday, and the authorities did not intervene. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements, while on the other side banks brought forward balances a moderate way above target, and there was a moderate fall in the note circulation. Discount houses were paying 13-13½ per cent for secured call loans at the start, with later balances taken as low as 10 per cent in places.

In the interbank market overnight money opened at 14¼-14½ per cent and eased on the forecast to 13¾-14 per cent. Rates touched 14-14½ per cent after lunch, but closing balances were taken between 10 per cent and 12 per cent.

GOLD

Further fall

Gold continued to weaken in very quiet trading in the London bullion market yesterday, closing at \$585-588, a fall of \$6 on the day. The metal opened at \$588-591, the highest level touched during trading, and was fixed at \$587.00 in the morning and \$589.75 in the afternoon. The rise in Morgan Guaranty's broker loan rate pushed gold down to a low of \$583-586 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 91,000 per kilo (\$626.75 per ounce) in the afternoon, compared with FFr 91,075 (\$627.05) in the morning, and FFr 92,300 (\$632.27) Monday afternoon.

	Dec. 30		Dec. 29	
Gold Bullion (fine ounce)				
Close	\$585-588	(£244¼-246)	\$591-594	(£249¾-251)
Opening	\$588-591	(£247⅞-249½)	\$600-603	(£252⅞-253¾)
Morning fixing	\$587	(£245.846)	\$602.25	(£253.576)
Afternoon fixing	\$589.75	(£246.294)	\$593.75	(£250.587)
Gold Coins				
Krugerrand	\$605-608	(£255¼-254½)	\$612½-615½	(£259-260¼)
1/2 Krugerrand	\$309½-314½	(£129½-131½)	\$313-318	(£132¼-134½)
1/4 Krugerrand	\$155¾-160¾	(£65¼-67¼)	\$157½-162½	(£66½-68¼)
1/10 Krugerrand	\$63¼-66¼	(£26½-27¾)	\$64-67	(£27-28¼)
Mapleleaf	\$599-602	(£250¼-251¾)	\$607-612	(£256½-258¾)
New Sovereigns	\$149-151	(£62¼-65¼)	\$150½-158	(£63½-64¼)
King Sovereigns	\$172-174	(£72-73)	\$170¼-172¼	(£72-73)
Victoria Sovs	\$172-174	(£72-75)	\$170¼-178¼	(£72-73)
French 20s	\$153¼-155¾	(£64¼-65¼)	\$154-156	(£65-66)
50 pesos Mexico	\$734-737	(£307¼-308½)	\$740-744	(£313-314½)
100 Cor. Austria	\$575-577	(£239¾-241½)	\$578-583	(£244¼-246½)
\$20 Eagles	\$692-697	(£289½-291¾)	\$695-700	(£293¾-296)

LONDON MONEY RATES

Dec. 30 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-14⅝	14-14¼	—	—	13¾-14½	10-13⅛	—	—	—
2 days notice	—	—	14¾-14⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-15	14¾-14⅞	—	14	15¼	13⅛-14	—	—	—
One month	15⅛-14⅞	14⅞-15⅛	14⅞	15⅝-16	15¼	15⅜	14⅝-13⅝	13⅝-13⅞	14⅛-14⅝	15
Two months	15⅛-14⅞	14⅞-15⅛	—	14⅞-15¼	15¼	15⅜	15⅛-13⅝	13⅝-13⅞	14⅛-14⅝	14⅞
Three months	15⅞-14⅞	14⅞-15⅛	14⅛-15	14⅝-15	15¼	15⅜	13⅞	13⅝-13⅞	14⅛-14⅝	14⅝
Six months	14½-14⅝	14⅝-14⅝	14⅝-14½	14⅛-14½	14⅞	15	—	—	13⅞-13⅞	13⅝
Nine months	14⅛-13⅞	14⅛-14⅜	—	14⅛-14½	14½	14¾	—	—	—	—
One Year	13⅞-13¾	14-14⅜	13⅞-14	13¾-14⅛	14⅜	14¾	—	—	—	—
Two years	—	—	13¾-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13¾-13⅞ per cent; five years 13⅝-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅛-14¼ per cent; four-month trade bills 14¾ per cent.

Approximate selling rate for one-month Treasury bills 13¾ per cent; two-months 13 per cent; three-months 12¾ per cent. Approximate selling rate for one-month bank bills 14⅛-14⅛ per cent, two-months 14⅛-14⅛ per cent; three-months 14⅛ per cent; one-month trade bills 14¾ per cent; two-months 14⅝ per cent and three-months 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.0161 per cent.

LEGAL NOTICES

MARGAIL PLASTICS LIMITED
(In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 27th day of February 1981, to send in their names and addresses, with particulars of their debts or claims, to the undersigned Christopher John Owen Sullivan of 67 Butts Green Road, Hornchurch, Essex, the Liquidator of the Company; and, if so required by notice in writing by the said Liquidator either personally or by their Solicitors to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proven.

Dated this 23rd day of December 1980.
C. J. O. SULLIVAN
(Liquidator)

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF ZIRKON ELECTRONICS LIMITED
(In Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the offices of Floyd, Nash & Co., 218 Strand, London WC2R 1EG, on the 28th day of January 1981, at 4 p.m. to be followed at 4.15 p.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 19th day of December 1980.
R. C. CHAVENTRE,
Liquidator.

COMPANY NOTICES

**CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE**

NOTICES TO SHIPPERS AND IMPORTERS
FUEL COSTS

The Member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime/St. Lawrence River and Great Lakes ports have continued to monitor bunker costs on a monthly basis and the result of this monitoring shows that the position as at 15th December 1980 reflects the further increases in fuel costs which have occurred during the past month and justifies an increase in the present level of bunker surcharges applicable. In addition the shortfall position under the revised bunker resolution referred to in the announcement dated October 1980 requires the addition of a further \$1.00 to the justifiable levels. As a consequence, with effect from 15th January 1981, the bunker surcharges applicable will be adjusted to the following basis:

\$13.20 per ton weight (1,000 kilos), freighted

\$8.40 per ton measurement (cubic metre)

Minima for containers moving under services 1 and 2:
20' containers—\$156.50
40' containers—\$231.00
Maximum per container—\$423.00.

The bunker surcharge will continue to be exempt from the Conference currency adjustment factor and will not apply to Toronto/Hamilton additionals.

Any future changes to the bunker surcharge resulting from the monthly monitoring will be announced as and when warranted.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Co. Ltd.
Hapag-Lloyd AG
Manchester Liners Ltd.
Golden Cross Line Ltd. — Joint Membership
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.
Cunard Building,
Liverpool L3 1DS.
December 1980.

HITACHI LTD.

ORDINARY SHARES EDR's
ISSUED BY CITIBANK N.A.

NOTICE IS HEREBY GIVEN that a dividend due 9th January 1981 to holders of EDR's as at 30th September 1980 may now be claimed at the rate shown below on presentation of coupon No. 64 detached from EDR's of 10 shares each and coupon No. 19 detached from EDR's of 50 shares each to the undersigned:

Gross dividend per share = US\$0.019000
Less 15% Japanese withholding tax = US\$0.002851
Net Dividend = US\$0.016150

United Kingdom Income Tax at the reduced rate of 15% in the £ will be deducted from the amount of this dividend except in cases where coupons are accompanied by a United Kingdom Inland Revenue Affidavit of Non-Residence. Special listing forms are available from the undersigned.

Citibank N.A.,
Friars House,
39-41 New Broad Street
London, E.C.2.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

14% Debenture Stock, 1993

NOTICE IS HEREBY GIVEN that the Registers of the Corporation's above-mentioned Debenture Stock will be Closed for Transfer and Registration from 19th to 30th January, 1981, both days inclusive.

By Order of the Board,
H. J. McTURK,
Secretary.
48 Palmerston Place,
Edinburgh, EH12 5BR
31st December, 1980.

OBITUARY

WHEELDON—On December 20th 1980, peacefully at Yeovil District Hospital, Edward Christian aged 73 years of 65, Ilchester Road, Yeovil. A dearly loved father and grandfather. Funeral Service took place on Monday, December 29th, 2.30 p.m. at St. John's Church, Yeovil, followed by Private Cremation at Yeovil. No flowers, donations if desired for the Yeovil Day Centre and Gravelands Old People's Home, c/o G. H. Cook & Son, Funeral Directors, 9-11, Bond Street, Yeovil, Somerset. Tel: Yeovil 23463.

RESIDENTIAL PROPERTY

THE U.S. COMMERCIAL PAPER MARKET

A new opening for the fund raiser

The potential of the commercial paper market as a source of funds may not have been fully appreciated yet by European and other non-U.S. corporations, reports DAVID LASCELLES from New York. Among those to have already tapped this market are: Electricite de France, British Petroleum, Caisse Nationale des Telecommunications, British Gas, Svenska Vary, SNCF, Volvo, Metal Box, Elf-Acquitaine, Ciba-Geigy, Mitsui, Siemens, Sony, BMW, Fiat, Pechiney-Ugine-Kuhlmann, BHP and Statoil

THE U.S. commercial paper market is attracting growing interest abroad as a convenient source of short term and relatively cheap dollar funds. But its character and the procedure for tapping it are unique, and dealers on Wall Street still feel that this could be causing potential overseas borrowers to shy away from using it.

This is somewhat ironic, they say, since the commercial paper market ranks among the simplest ways of raising money at short notice. It is highly flexible and relatively unregulated. Foreigners are clearly becoming better acquainted with its ways. More of them are coming, and history of a kind will be made shortly when Petrobras, the Brazilian state-owned oil company, makes its first foray.

The commercial paper market is nearly a century old but only evolved in its present form in the 1960s. It is a channel through which large corporations lend and borrow short term cash among themselves, by-passing completely both the banking system and the traditional debt market.

The largest U.S. corporations, like General Motors, can do this without outside assistance. They have special departments which sell commercial paper — if they want to borrow —or buy other companies' paper —if they want to lend. But most participants hire the services of the half-dozen or so Wall Street firms who specialise in this business: Goldman Sachs, A. G. Becker, Merrill Lynch, Salomons, Lehman, and First Boston.

These firms, who call themselves "dealers," effectively underwrite the issue of a borrower's paper and ensure that he gets the amount of money he is expecting, though the procedure is not quite as formal as bond underwriting. Commercial paper is sold at a discount from par, and the skill of the dealer lies in calculating the rate which will net the borrower the largest sum of money.

The attraction of commercial paper is that the borrower can specify the maturity: it can be literally anything up to nine months. Thus an issue can be tailored exactly to cash needs, unlike a debt issue which is usually for a set term. A borrower can also roll his paper over if he wants to extend it after maturity.

The other advantage is that commercial paper is not a security as defined by the U.S. Securities Laws, which means it does not have to be registered with the Securities and Exchange Commission, bringing a large saving in time and effort. But to qualify, the commercial paper issued must have a maximum maturity of 270 days, it may not be sold directly to the public, and the proceeds must be applied to "current purposes," with some exceptions.

The buyers of commercial paper, which is sold in average lots of about $2m, are the trust departments and money market desks of large banks, large corporations, local government funds, money market funds, and financial institutions such as insurance companies.

There is, however, one big hurdle: borrowers must obtain a rating from a credit rating agency, and preferably two. This can be unnerving for foreigners who are not accustomed to the prying eyes of agency analysts. There are three levels of rating: the better rating a borrower gets, the more cheaply he gets his money.

However, a rating is not enough to guarantee entry to the market. Unless he is a Ford or a Sears Roebuck, a borrower must also get backing from his bank to guarantee that commercial paper loans will be repaid should anything go wrong. This can be done either through a line of credit, which is less attractive because it can be revoked by the bank, or as contractual commitment, like a letter of credit. The latter usually confers the bank's credit rating on the borrower, though the bank must then consider the implications for its own credit standing, and its exposure to the borrower.

These stringent requirements have partly to do with the fact that commercial paper is a high quality market. But lenders still remember with dread the day when Penn Central went bankrupt with $80m in commercial paper outstanding.

Because commercial paper connects borrower and lender so directly, it is generally cheaper than a bank loan. Typical rates are one to two per cent below the prime rate though, because of this, changes in the prime have a big impact on the market. Even including the cost of obtaining a rating and the dealer's fee—$125,000 per $100m on an annual basis—the total cost of borrowing is still one of the lowest around, dealers claim.

But Mr. George Van Cleave, a partner at Goldman Sachs in charge of commercial paper operations, says: "Apart from the cost, I think a lot of borrowers view it as a way to tap a new source of funds."

Today, there is about $126bn outstanding in the market, just over half of it placed directly, and about 1,000 companies are said to use the market regularly.

The foreign component is still small but it is growing. About 150 non-U.S. entities have about $8bn to $10bn outstanding.

The entry of foreigners is usually dated to 1974 when Electricité de France made the first major borrowing, though the U.S. subsidiaries of foreign companies came earlier. Since then, the French have been among the most prominent non-U.S. users of the market, though the British and the Scandinavians are quite frequent issuers too.

Mr. Roger Vasey, President of Merrill Lynch money markets, considers foreign business to be the market's major growth area, and he claims to have proportionately more foreign business on his books than other dealers. But he comments: "Foreigners have difficulty understanding the simplicity of the commercial paper market."

Foreigners tend to pay a bit more than U.S. borrowers, usually a quarter of 1 per cent, though frequent borrowers build up familiarity, which helps. British borrowers tend to get the best foreign rates because of the strong links between New York and London.

Merrill Lynch says that borrowers accustomed to the Euromarkets also find commercial paper rates attractive. In recent years, it says, these rates have consistently been 0.45 to 1.20 per cent below Libor.

Foreigners have not only entered the market as borrowers, however. Non-U.S. banks also set up lines of credit to back issues, though they themselves must obtain credit ratings to do this. Although non-U.S. banks usually back foreign borrowers, this is not always the case. Dresdner Bank last summer backed an $85m issue by Chessie System, the large U.S. railroad. The deal was notable also in that the facility set up by Dresdner was in Eurocurrencies, linking the two markets.

European operations worry Goodyear

By Our Financial Staff

GOODYEAR TIRE and Rubber, leading factor in the U.S. original equipment and replacement tyre market, is "concerned" about 1981 results because some of its foreign operations, particularly in Europe, which contributed heavily to 1980 results are beginning to feel the effects of recession.

The company said 1980 earnings and sales "will rank high in relation to those of previous years," reflecting an inflationary economy and large contributions from foreign operations.

Goodyear earned $146.2m last year, down from $226.1m in 1978. Sales were $8.23bn, up from $7.48m.

For the first nine months of 1980, Goodyear earned $129.4m after a $6.5m gain from the reduction of a reserve for plant closures and before a tax credit of $22.4m. In the same period of 1979, earnings were $103m after a $36.4m charge for plant closures. Sales were $2.13bn, up from $2.02bn.

Since it expects the U.S. recession to continue "well into the New Year," Goodyear looks for only a modest recovery in the U.S. tyre business this year, starting in the second half.

The group expects industry-wide original equipment car tyre sales of 42m in 1981, up 4.7m from 1980, and replacement tyre sales of over 120m, slightly up from 1980.

Replacement tyre sales will be lower in comparison with previous years to 1980, but will be "more in line" with the tyre industry's current production facilities.

Replacement market sales will reflect "a boost from the popular front-wheel-drive cars that wear out tyres faster than those with rear drive."

GAF plans $400m assets sale in major reconstruction

BY DAVID LASCELLES IN NEW YORK

GAF, the large diversified chemical manufacturer with sales of $1.2bn a year, yesterday announced a drastic restructuring which will involve the sale of nearly half its business, including some operations in Europe and Australasia.

The company, which has had sluggish sales and earnings growth for a number of years, said the purpose was to improve return on investment and reduce debt.

Dr. Jesse Werner, chairman, announced from the company's headquarters in New York that GAF will offer for sale eight of its dozen or so businesses with net assets of $400m, and combined sales in 1979 of $525m.

These are flooring, pictorial products, vinyl siding, reprographic and photographic products, and graphic arts products, as well as a number of smaller lines including a classical music radio station in New York. Through this sale, GAF hopes to concentrate on its two major remaining businesses, specialty chemicals and building materials, which Mr. Werner said offer the best growth prospects. The capital realised from the sale will be used to reduce debt and build up these two sectors.

GAF will encourage buyers to retain employees in these businesses, Mr. Werner said, adding that GAF has set aside $50m for pensions and other benefits.

The sale will involve GAF in considerable losses in the short term, but it has set up a $225m credit facility with a consortium of 14 banks with Chase Manhattan as agent. Other long-term lenders have also agreed to changes in terms to enable the restructuring to go ahead.

This is the second time that GAF has applied some major surgery in three years. In 1977, it pulled out of the consumer photography business at a cost of $120m because it could not compete with giants like Kodak. Since then it has also sold off various smaller businesses.

Burlington Northern peak

BY OUR FINANCIAL STAFF

BURLINGTON NORTHERN, parent company of the largest railroad system in the U.S., expects record net earnings in 1980, for the sixth consecutive year. In 1979, the company earned $175.6m or $6.55 a share, adjusted for a two-for-one stock split last May.

In a year-end statement, Burlington Northern also said that its railroad expects to originate about 115m tons of coal and 1.1bn bushels of grain in 1981, up from 100m tons and more than 1bn bushels this year.

The company said that 1980 earnings of its air freight forwarding subsidiary should equal or exceed last year's level, while its trucking subsidiary will have a larger loss than the $300,000 in 1979, reflecting a $3.1m charge to write off its operating rights.

The company operates nearly 25,000 miles of railroad in 19 States and parts of Canada. A proposed merger with the St. Louis-San Francisco Railway, approved by the ICC, has been delayed pending a judicial review.

National Medical raises first half profits 87%

BY TERRY BYLAND

NATIONAL MEDICAL Enterprises, the California-based hospital management group, has fully maintained its early promise during the second quarter to show a gain of 87 per cent in profits to $21.1m in profits in the first half of the year. The second quarter returned net earnings of $11.2m, also 87 per cent above the comparable total.

Earnings figures were unaffected by adjustments made to classify contractual allowances for skilled nursing facilities, said the board. But these changes are reflected in revenue totals of $244.5m for the second quarter and $478.6m for the half year—gains of 38 per cent and 57 per cent respectively.

In July, the group shared a $362.6m contract for medical facilities in Saudi Arabia, in addition to a $1bn contract for the same country which was awarded to the company earlier in the year.

Record annual sales and earnings at Damson Oil

BY OUR FINANCIAL STAFF

DAMSON OIL, the U.S. independent oil and gas company engaged in exploration and production activities domestically and exploration overseas, has turned in record results for the fiscal year ended September 30.

The company earned a record $3.6m net income, against a loss of $1.8m previously. Earnings per share from continuing operations, were 41 cents compared with 9 cents for the previous 12 months. Total revenues, from continuing operations, were $27.39m, up 58 per cent from $17.32m.

Mr. Barrie M. Damson, president and chairman, in reviewing operations, stated that an increase in sales to $21.72m was a principal factor affecting earnings. The increase was due primarily to higher prices received for oil and gas and increased levels of production.

The company's proved reserves at September 30 were 90.4bn cubic feet of gas, an increase of 31 per cent

Inland Steel optimistic on outlook

By Our Financial Staff

STEEL INDUSTRY shipments in 1981 are expected to reach 90m to 93m tons, up from about 84m this year said Inland Steel the major Mid-western producer.

The company said steel industry operations have rebounded since mid-year to a current rate of 80 per cent of capacity, adding that the recovery has been aided by improved production of consumer durables, construction products and farm equipment and rebuilding of inventories.

Inland said that steel demand is expected to continue at present levels "because of good strength in the consumption of sheet products and increased requirements for heavy products."

It commented that many projects involved in major capital investment programmes can be expected to generate higher demand for steel in 1981.

Inland, the seventh largest producer in the U.S., with about 6 per cent of national production in 1979, earns the bulk of its profit from basic steel shipments.

Stauffer and Chevron in $130m deal

By Our Financial Staff

STAUFFER CHEMICAL has sold its Utah phosphate mineral reserves, including related phosphate mining and processing facilities located at Garfield Phoston and Vernal, Utah, to Chevron USA Inc. for $130m.

Chevron is a unit of Standard Oil of California.

The anticipated net effect of the sale, and other anticipated disposals, will be booked in 1980. As a result 1980 net earnings are expected to increase about $15m and cash flow by about $132m over the next 12 months.

Guy Butler to enter Eurobond markets

By Peter Montagnon

THE GUY BUTLER money broking group is to enter the Eurobond markets as brokers from next Monday. A new company, Guy Butler (Europe), will offer brokerage services in fixed rate issues, floating rate notes and convertible bonds.

Guy Butler will act as principal in Eurobond deals but, like other brokers in the market, only to match buying and selling orders of its clients in bond dealing houses. It will offer facilities in all major currencies for fixed and floating rate issues but for convertibles only in dollars.

Trading in the dollar sector continued at a low ebb yesterday with prices little changed although some softness appeared in the afternoon on the back of an easier trend in the New York bond market. This followed some disappointment with latest U.S. money supply figures and slight upward pressure on Federal funds.

No further new issues were announced but the latest offering for Electricite de France has been increased to $100m from $75m by lead managers Societe Generale.

Deutsche Mark and Swiss franc issues were marked up yesterday but as in the dollar sector trading was extremely limited ahead of the New Year holiday.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday, January 12.

Closing prices on December 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11¼ 88	100	92⅝	93¼	+0⅛	+3¼	13.00
CFE 13 87	75	†91⅝	92	+1¼	+4¼	15.01
Citicorp O/S Fin. 10 86	300	87⅛	87⅝	+0¼	+3⅛	13.27
Citicorp O/S Fin. 12 87	200	94⅞	95⅛	+0⅛	+4	13.10
Con. Illinois O/S 9¾ 86	150	86⅞	87⅜	+0½	+4¼	13.21
Denmark 11¾ 90	100	88½	89	−0¼	+0⅛	13.93
Dome Petroleum 13½ 92	50	99¼	99¾	+0⅛	+3¾	13.55
EEC 11 95 (May)	75	85⅜	85⅞	+0¼	+3	13.26
EEC 11 95 (August)	70	85	85½	+0½	+4	13.32
EIB 13¾ 90	100	100¼	100⅝	−0⅛	+3⅛	13.64
Eksportfinans 9⅞ 87	75	94⅞	95⅜	+2⅛	+3	12.98
Elec. de France 10 88	125	86	86½	+0⅛	+2½	12.94
Export Dv. Cpn. 12¾ 87	100	97⅞	98⅜	0	+4	13.16
Export Dv. Cpn. 9½ 88	150	85¾	86¼	+0⅛	+3¼	13.50
Fed. Dev. Bank 12¼ 85	75	96¼	96¾	+0¼	+3⅛	13.46
Fin. Exp. Credit 10⅛ 85	60	88¾	89¼	+0⅛	+1⅝	14.06
Finland, Rep. of 9½ 86	100	83⅞	84⅜	+2⅛	+2⅞	14.04
Ford Credit O/S 14⅝ 83	150	98⅞	99⅜	+0¼	+1⅝	14.98
Ford O/S Fin. 12⅝ 85	250	88⅝	90⅛	+0½	+1	15.85
GMAC O/S Fin. 13¾ 85	100	98⅞	99⅜	+2¼	+3¼	13.68
GMAC O/S Fin. 12 87	100	93⅜	93⅞	+0¼	+3⅛	13.46
Gen. Mtrs. O/S 11¾ 87	100	92	92½	+0⅛	+4	13.54
Goodyear O/S 12½ 87	75	95⅜	95⅞	+2⅛	+2⅝	13.51
Hudson's Bay 11½ 90	75	89⅛	89⅝	+0½	+3⅛	13.47
IBM Canada 10⅞ 85	50	96⅞	97⅜	+0⅛	+2⅛	11.31
Int. Harvester 12⅞ 85	115	†95¾	96¼	+0⅛	+2⅛	13.83
J. C. Penney Int 12⅝ 86	100	97	97½	+2¼	+2⅞	13.08
McGraw 13½ 85	75	97½	98	+1½	+1⅝	14.16
NorWest Ind. 13⅝ 87	90	96½	97⅛	0	+1⅝	14.38
Nova Scotia 10¾ 90	50	86⅛	86⅝	+0½	+2⅞	13.30
OKB 10 85	50	89⅜	89⅞	+0⅛	+2⅜	13.12
Pemex 11½ 88	100	87⅞	88⅜	+1	+3⅛	14.12
Quebec Hydro 11½ 92	100	88⅛	88⅝	+1	+4⅛	13.52
Repsteel O/S 11½ 86	100	84⅛	84⅝	+0⅛	+3⅛	15.00
Royloose 11¼ 85	50	92⅞	93¼	+0½	+2⅞	13.38
SNCF 12⅝ 85	50	98¼	98⅝	+0⅛	+2⅛	12.83
Sweden 12⅞ 85	150	96⅜	96⅞	+0½	+3⅞	13.63
Swed. Ex. Cred. 12½ 85	40	94⅞	95⅛	−0⅛	+2⅝	14.06
Swed. Ex. Credit 12 83	60	95½	96	+0⅛	+2⅞	13.90
Transamerica 12¾ 83	90	96½	96⅞	−0⅛	+2⅛	13.85
Unilever NV 9¾ 90	100	82¼	82¾	+0⅛	+2	13.03
World Bank 9¾ 85	200	88⅝	89	+0⅛	+3⅛	13.20
World Bank 10⅝ 87	300	86¾	87¼	+0⅛	+3⅛	13.34

Average price changes... On day +0½ on week +3

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	93	93⅝	+1⅛	+1⅞	8.43
Australia 8⅛ 90	250	96⅝	97⅛	+1½	+2⅝	8.60
Austria, Rep. of 8⅛ 92	150	93	94	+0⅝	+0⅞	9.17
BFCE 8¼ 95	100	†91	91⅜	+1⅛	+1⅛	9.24
CECA 7⅞ 92	190	92	92⅜	+0⅞	+1⅝	8.94
CII-Honeywell 8⅞ 90	125	†94¾	95¼	+1⅛	+1⅛	8.15
Denmark 8¾ 92	100	†95¾	96½	+1⅝	+2	8.81
EIB 8½ 90	200	95⅜	96	−0⅛	+0⅛	9.19
ESCOM 9¾ 87	100	97½	98¼	−0⅛	+0⅛	9.88
Iberduero SA 8 90	100	†97⅜	98⅛	+1⅛	+2	9.29
Ind. Bk. Finland 8½ 90	60	†94	94⅝	+0⅛	+0⅛	9.39
Japan Air Lines 8⅛ 87	100	96⅝	97⅛	+1⅝	+2⅛	8.77
Japan Dev. Bk. 7⅝ 87	100	92	92⅜	0	+0⅛	9.19
Kobe, City of 8 90	100	93½	93⅞	+1	+0⅛	9.03
Midland Int. Fin. 8½ 90	190	96¼	97	+0⅛	+1⅛	9.02
Norway 7½ 85	250	97⅜	98⅛	+1⅝	+1⅞	8.17
Nuclebras 9¾ 86	100	†92	92⅝	0	−0⅛	11.26
OKB 8¼ 92	150	†92	92⅝	+0⅛	+1	9.35
Oslo, City of 8¾ 90	60	98½	98⅞	+0⅛	+0½	8.93
Venezuela, R. of 9¾ 90	150	97¼	98	+0⅝	+1⅛	10.13
World Bank 8 90	700	91¼	92	−0⅛	+0⅛	9.35
World Bank 10 86	190	103⅞	104⅜	+0⅛	+0⅛	8.91
World Bank 10 90	200	105	106	0	+0⅛	9.09

Average price changes... On day +0⅛ on week +1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅛ 90	100	96⅛	96⅝	+1¼	+1¼	5.89
Bayer Int. Fin. 5¼ 92	100	99⅝	99¾	+0¼	+0⅛	6.29
Bergen, City of 6 90	90	100⅜	100⅞	+0⅛	−0⅛	5.89
Buhrm'n-Tetterode 7 90	40	104	104⅝	+0½	+0⅛	6.39
Copenhagen Tele. 5¾ 90	60	94½	95⅛	+2	+2⅛	6.45
Denmark 5¾ 90	80	94	94½	+1	+0⅛	6.59
EIB 4½ 94	100	†86½	87	+1⅛	+2⅛	5.80
Elec. de France 5⅞ 90	100	98⅜	99	+0⅛	+1½	5.40
Eurofima 5¾ 92	80	102	102¼	+0⅛	+0½	5.50
F. G. H. Hypo. Bk. 8 90	90	†102¼	102¾	+0¼	+4	6.65
Finland, Rep. of 5⅝ 90	90	93½	93¾	+0½	+1¼	6.53
GZB 4⅝ 89	100	87⅝	87⅞	+1⅝	+1⅝	6.12
Inr.-Amer. Dev. 7 90	80	103¾	104	−0½	−0⅞	6.43
Japan Dev. Bk. 5⅛ 90	100	102	102¼	+1⅝	+1⅝	5.46
Jutland Tele. 5½ 90	50	†95½	96	+0⅛	+1⅛	6.12
Mt. Blanc Tunnel 5½ 90	60	†98	98½	+0⅞	−0½	5.74
Newag 5¾ 90	80	100½	100¾	+1¼	+2	5.68
Nippon Tel. & T. 4¾ 89	100	93	93½	+3⅞	+4⅛	5.23
Norges Komm. 4¾ 91	100	†87	87½	+1⅛	+1⅝	6.01
OKB 4¼ 91	100	89½	90	+3¼	+4⅛	5.87
OKB 8 90	100	101½	101¾	+0⅞	+1⅝	5.76
Oslo, City of 4¾ 91	100	85⅛	85½	−0⅛	−0½	6.28
Oslo, City of 5⅞ 90	60	101	101⅛	+0⅞	+0⅝	5.72
Philips Lamps 5¼ 92	100	96	96½	+0⅛	+0⅛	5.71
Sekisui Pre. Hms. 6 90	80	100½	100⅞	+0⅛	+0½	5.91
Shikoku El. Pwr. 4⅝ 89	100	†92	92½	+1⅛	+1⅝	5.92
Trade Dev. Fin. 6⅛ 90	50	96¾	97	+0¼	+0⅞	6.56
Voest-Alpine 5⅝ 90	80	97¼	97½	+0⅛	+1⅝	6.71

Average price changes... On day +1⅛ on week +1⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 6.6 83	30	89⅝	90⅛	−0½	−0⅛	8.88
Australia 6½ 88	20	86⅞	87¼	+0¼	−0¼	8.06
EIB 7⅜ 89	12	92⅝	93⅛	−0⅛	−0⅛	8.89
Finland 5.6 83	10	89⅝	90⅛	+0¼	−0⅛	9.92
Finland 6.8 88	10	85⅜	85⅞	+0⅛	−0⅛	8.54
Finland, Rep. of 8¼ 87	15	96	96½	+0¼	0	8.29

Average price changes... On day +0¼ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	89½	90⅛	+0⅛	−0⅛	13.38
CIBC 13½ 85 C$	50	†86½	87	+0⅛	0	14.53
CIBC 11½ 85 C$	60	†91⅜	92½	+1½	+1⅛	13.88
Federal Dev. 11⅝ 90 C$	60	†85	86	+0⅛	+1	14.34
Fst. Can. Inv. 10 84 C$	50	†88	88⅝	+0⅛	+1	14.53
R. Bk. Canada 10 86 C$	40	89	91	+2	−1⅛	12.64
Tordom Cpn. 13½ 85 C$	30	†97¼	98	+0½	+0½	14.20
M. Bk. Dnmk. 9 91 EUA	25	91	92	−0⅛	−1⅛	10.33
SOFTE 8¼ 89 EUA	40	87½	88⅛	0	+0⅛	10.46
U. Bk. Nrwy. 9½ 90 EUA	12	99¾	101	0	0	9.43
Bk. Mees & H. 10 85 Fl	75	101¼	101¾	+0½	+1⅛	9.55
F. G. Hypo 9¾ 87 Fl	60	94¾	95¼	+0½	+0½	10.82
Heineken NV 10 87 Fl	75	97¾	98¼	+0¼	+1½	10.41
Nat. Inv. Bk. 10 87 Fl	75	97	97½	+0⅞	+1⅛	10.57
Nat. Neder. 9¾ 87 Fl	80	95¼	95¾	+0⅞	+1⅛	10.45
Ned. Midd. Bk. 10 85 Fl	75	101	101½	+0⅛	+0¼	9.63
Aero Paris 13⅛ 87 FFr	150	95½	96½	−0¼	−0⅛	14.04
Charb'nages 13¾ 85 FFr	400	99¾	100¼	+0⅛	+0⅛	13.98
CECA 14¼ 86 FFr	150	100	101	0	−0½	14.06
Finland 11 84 FFr	60	89¾	90⅝	+0⅛	−0⅛	14.52
Finland 11⅛ 89 FFr	70	84⅞	85⅞	+0⅛	−0½	14.67
Gaz de France 11 84 FFr	190	90⅜	91⅜	−0⅛	−0½	14.12
Renault 9¾ 85 FFr	100	82½	83¼	−0⅛	−0⅛	15.30
Solvay et Cie 9¾ 87 FFr	125	78	79	−0⅛	−0⅛	16.26
Utd. Mex. Sts. 14 85 FFr	150	97½	98⅛	0	−0⅛	14.53
Acena 14 85 £	20	95¼	95⅞	+0½	+0¼	15.35
Beneficial Fin. 14⅝ 90 £	20	93¼	93⅞	+0⅛	+0¼	15.56
Beneficial Fin. 14¼ 90 £	20	93½	94¼	+0⅛	+0⅛	15.49
BNP 13½ 91 £	15	95⅞	96¼	+1⅛	+1⅞	14.29
CECA 13½ 88 £	20	94¼	95	+0⅛	+1¼	14.67
Citicorp O/S 13½ 90 £	90	94¾	96¼	+1⅞	+2⅛	14.48
Fin. for Ind. 14½ 88 £	20	99⅝	100⅛	+0⅛	+0⅞	14.64
Fin. for Ind. 13¾ 87 £	20	95⅝	96½	+0¼	+1¼	14.68
Gen. Elec. Co. 12½ 89 £	50	92	92¾	+0⅛	+1⅛	14.10
Peugeot SA 14 90 £	23	94	94⅝	+0¼	+1⅛	15.10
Rothschild 14⅝ 90 £	12	97¾	98¼	+1⅞	+3¼	14.86
Swed. Ex. Cr. 15⅛ 85 £	20	101¼	102	+0½	+1⅛	14.64
Bonobras 8¼ 90 KD	7	†85¾	86¼	0	0	10.56
CCCE 8¼ 91 KD	10	†75⅞	76⅜	0	0	12.35
Sonatrach 8½ 90 KD	12	†87⅛	87⅞	0	0	10.65
Akzo 9¾ 87 LuxFr	500	88½	89½	−0⅛	−1⅞	11.68
Euratom 9⅞ 88 LuxFr	500	93⅞	94⅞	+0⅛	0	10.94
Eurofima 10⅝ 87 LuxFr	500	98¼	99¼	0	−0½	10.78
EIB 9¾ 88 LuxFr	600	95½	96½	−0⅛	−1⅛	10.66
Volvo 9¾ 87 LuxFr	500	90⅝	91⅝	+0⅛	−1⅛	11.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0½	†98¾	99¼	2/1	10.44	10.54
Bk. of Montreal 5¼ 90	0¼	99¼	99¾	18/8	8¾	8.28
Bank of Tokyo 5¼ 89	‡0¼	97½	98	25/4	13.94	14.28
BBL Int. 5 86	0⅛	98¼	98¾	20/5	16½	16.75
Barclays O/S Inv. 5 90	0¼	†99	99½	13/5	20⅛	20.28
Bergen Bk. A/S 5 89	‡0¼	†97⅜	98⅜	29/2	18.19	18.56
BNP 5½ 88	0⅛	98¼	98¾	29/1	14.44	14.66
CNT 5¾ 86	§0¼	96¾	97¼	16/4	13⅛	13.66
Citicorp O/S F. 94	‡0	99⅝	99⅞	29/2	17⅝	17.94
C. Itoh 5¼ 87	0⅛	96¼	96¾	18/3	12⅞	13.34
Co-operative Bk. 6 86	0¼	97⅞	98⅜	15/5	15⅛	15.68
Den Norske Credit 5 90	0¼	97½	97⅞	5/2	15¾	16.17
Genfinance 5¼ 87	0⅛	97⅜	98⅜	20/4	15⅛	15.43
Gira und Bank 5¼ 91	0⅛	96¼	98⅛	23/3	5⅞	5.34
GZB 5½ 89	0¼	87	97½	1/2	15.06	15.49
Jugobanka 8 89	0⅞	91	93	23/5	16⅛	18.21
Ind. Bank Japan 5¼ 87	0⅛	96½	97	15/4	13.37	13.78
Ind. Bank Japan 5¼ 88	0¼	96⅝	97⅛	5/4	13⅛	13.55
Lloyds Eurofin 8 90 C...	0¼	94	94¾	3/1	15⅛	15.89
Lloyds Eurofin 5¼ 92	0½	97⅞	98⅜	4/3	17⅛	17.58
LTCB Japan 5¼ 86	0⅛	100⅝	101⅛	13/6	20.19	20.01
Man. Hanov. O/S 5¼ 94	‡0¼	97⅞	98⅜	29/2	18⅛	18.52
Midland Intl. Fin. 5 89	0¼	†100	100½	30/8	19.56	19.61
Midland Intl. Fin. 5¼ 92	0¼	98	98⅝	5/6	17.19	17.49
Nacional Fin. 6¼ 86	0⅛	97¾	98¼	26/1	9.89	9.90
Nat. West. 5¼ 94	§0¼	95¾	96¼	14/4	13⅛	13.80
Nat. West. 5¼ 92	§0¼	95⅝	96⅛	23/4	13.69	14.28
Nippon Credit 5¼ 87	‡0¼	98½	99	6/2	16.06	16.27
Standard Chart. 5⅛ 90	0¼	96⅜	96⅞	6/3	12.06	12.48
Svenska Hndlsbk. 5 87	0¼	98½	98	16/1	10	10.13
Bq. Ex. d'Alg. 4¼ 89 SF	0⅛	88⅞	89⅛	18/6	7½	8.43

Average price changes... On day +0⅛ on week +0⅞

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	102¾	103⅝	−0⅛	13.81
Canon 6¾ 95	1/81	829	114¾	115⅝	+6⅛	1.89
Credit Suisse 4¾ 93	10/79	1278	114¼	116¼	+5⅛	−3.87
Digicon Fin. 8½ 95	10/81	29.5	†101	102½	−1	1.30
Ensorch Fin. 9½ 94	7/80	30.25	†165	166	−5	−2.33
Hanson O/S Fin. 9½ 95	1/81	1.92	102⅝	103⅝	+8½	1.47
Ina Overseas 8¾ 2000	4/81	42	†101½	102½	+2⅛	5.13
Inchcape Ltd. 8 95	2/81	4.55	96⅝	97⅛	+3¼	−3.09
Jaccs 7½ 95	11/80	585	107⅝	108⅛	+1⅛	2.06
Marion Int. Fin. 9 95	12/80	23.25	†103⅝	104⅝	−4	−0.53
Matsushita El. 7¼ 95	11/80	649	100⅝	101⅛	+1⅛	16.74
MEPC 8¼ 96	2/81	2.47	93	94	+1⅛	5.42
Niigata Eng. 7¼ 95	1/81	327	†95¼	96⅛	+4⅛	−3.77
Nissho-Iwai Co. 8 96	10/80	398	94½	95½	+5⅛	−6.06
Ricoh 6⅞ 95	8/80	604	108⅝	109⅝	+2⅛	−3.62
Sumitomo M. Ind. 7 95	2/81	181	†105	106	+2⅝	−4.71
Swiss Bk. Cpn. 6⅞ 90	9/80	200	92⅞	94⅛	0	6.11
Taylor Woodrow 8⅞ 90	1/81	4.94	92⅞	93⅞	+1⅛	3.05
Transco Int. 8¾ 96	2/81	68	†96	97½	+1	16.89
Tricorp 8½ 95	12/80	31.25	†98½	100	+0½	4.65
Union Bk. Switz. 5 88	2/80	121.4	88	90	−0½	−11.76
Fujitsu 5 84 DM	7/79	431.6	130⅝	131⅝	+0⅛	−2.10
Sharp Cpn. 6½ 88 DM	9/80	585	125⅝	126⅝	0	−3.37
Uny Co. 6½ 85 DM	11/79	967.3	101½	102½	+1	−1.12

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Agache forecasts an end to losses

By David White in Paris

AGACHE-WILLOT, the French retail and textile conglomerate, brought in a net profit of FFr 55.6m ($12.4m) for its parent holding company in an exceptional 15-month financial period ended June 30.

M. Jean-Pierre Willot, chairman and one of the four brothers who between them hold 41.5 per cent of the shares, told the annual meeting of Societe Fonciere et Financiere Agache-Willot that all the companies in the group, which two years ago took over the loss-ridden Boussac textile empire, should be in profit in two years' time.

The latest result compares with net earnings of FFr 41.2m in the previous 12 months. In the absence of consolidated figures, the holding company has forecast satisfactory results for its current financial year, with a net dividend at least maintained at the FFr 22.50 being paid for the extended 1979-80 period.

Boussac Saint-Freres, the subsidiary which brings together the group's industrial interests, is expected to be able to break even thanks to gains from the sale of fixed assets, which are offsetting the cost of restructuring. Agache-Willot, which recently announced plans for 1,800 redundancies in its textile plants, was criticised in a recent report by the Stock Exchange watchdog body, the Commission des Operations de Bourse, for its accounting practices with respect to Boussac Saint-Freres.

M. Willot denied categorically that there was any question of selling off the Christian Dior fashion business which it bought as part of Boussac. Dior increased its profits sharply in 1979-80 thanks largely to sales in the U.S. and Japan.

The retail sector, which accounts for two-thirds of the group's FFr 10bn a year turnover, is expected to bring in net earnings of around FFr 100m in the current year.

The winding-up of the Korvettes chain in the U.S., which Agache-Willot bought only last year, is due to be completed in three to four months, according to M. Willot. The liquidation would be carried out in "honourable conditions" and all the creditors would be paid, he said. Special provisions of FFr 39m had been set aside for the operation.

A recovery plan for the group's Belgian store subsidiary, Galeries Anspach, was meanwhile going ahead.

Karstadt plans to acquire minority in Neckermann

BY STEWART FLEMING IN FRANKFURT

FACED with a further deterioration in the financial condition of Neckermann, its 51 per cent controlled stores, mail order, and travel agency subsidiary, Karstadt, the largest West German stores group, proposes to write down Neckermann's capital and buy out public shareholders.

Karstadt said yesterday that details of the proposals would be released on January 9. It could not give any indication about the precise impact the plans would have on its own stake in the Neckermann business. Further negotiations involving it, Neckermann and the company's bankers would take place in the next few days.

Karstadt acquired its 51 per cent stake in Neckermann, one of the best-known names in the German travel business, as a result of a capital reorganisation in 1976 when the company was already suffering heavy losses.

A capital write-down at the time substantially diluted the Neckermann family shareholding, while the associated re-capitalisation gave the company's banks an increased stake. The banks, however, reportedly wrote off an estimated DM 180m ($92m) in debt. In its last annual report (for 1979) Neckermann reported bank debt of DM 345m.

The new proposals also include a recapitalisation for Neckermann but on what terms and who will subscribe is not being disclosed at this stage. The publicly traded portion of Neckermann's equity has been changing hands at around DM 65 a share recently which is close to the year's low. Trading was suspended yesterday.

In the past four years Neckermann has been sharply cutting back its business to reduce losses. In 1977 its sales revenues were DM 2.34bn and in 1979 they were down to DM 1.4bn. Over the same period losses were reduced from DM 125m to DM 26m.

In the past year, however, the recession has hit the retail business. In July Neckermann announced widespread store closures involving a further 29 of its 109 retail outlets.

This rationalisation programme has added to Neckermann's burdens. At the same time a new problem appears to have emerged in the shape of growing losses in its travel agency operation.

ATI exposes bid code loophole

BY JIM JONES IN JOHANNESBURG

ANGLO-TRANSVAAL Industries (ATI), the South African industrial holding company, plans to take control of the construction and civil engineering group, Grinaker Holdings, without making a general offer to minority shareholders.

The scheme, which has so far come in for only muted criticism in South African business circles against a background of the Christmas holidays, exposes a loophole in the present takeover code on majority bids.

Under present regulations, predator companies have to make a general bid once effective control (50 per cent) has been reached. They have to offer minority holders the highest price paid for shares over the two weeks immediately prior to control being taken.

Globe Engineering, the marine and chemical engineering company which is 62 per cent-owned by ATI's 75 per cent-owned subsidiary South Atlantic Corporation, has acquired 14.79 per cent of Grinaker's existing 4.94m shares at R10.88 a share.

ATI now proposes, in agreement with the Grinaker family which currently controls Grinaker Holdings through a holding of 19.5 per cent, to sell Grinaker its 64 per cent of National Bolts, and 51 per cent of Claude Neon Lights in exchange for new Grinaker shares.

The shares held by the Grinaker family, ATI, and Globe are then to be transferred to a yet-to-be-formed unlisted company in exchange for shares in that company. In addition, Globe is to buy sufficient shares through the Johannesburg stock market, or from certain Grinaker directors, which will be transferred to the new unlisted company giving it a holding slightly in excess of 50 per cent of the enlarged Grinaker. In the process, the new holding company will become a subsidiary of ATI.

None of the parties involved has said how Claude and National Bolts will fit into Grinaker's present operations. The Grinaker family recently fought off a takeover bid by the General Mining group which at one stage held about 25 per cent of Grinaker's ordinary shares.

In the year ended June, 1980 Grinaker earned pre-tax profits of R14.6m ($19.5m). Over the same period, National Bolts returned R4.8m pre-tax and Claude Neon R3.1m.

French electronics merger

BY ROBERT MAUTHNER IN PARIS

THE FRENCH state will have a controlling interest in an important new electronics group, with a product range from electrical household goods to sophisticated aircraft and space equipment, to be created out of two existing French companies.

The group will be formed by the transfer next year of the state's 59 per cent holding in the Société Francaise d'Equipment pour la Navigation Aerienne (SFENA), with 1979 sales of FFr 611m ($135m) to Crouzet, a private company with a turnover last year of FFr 983m. In return, the state will take a blocking minority stake of 34 per cent in Crouzet, a company manufacturing aircraft equipment, automatic distributing machines, and household electrical goods.

The immediate result of this complicated operation will be that Crouzet, which already has a 25 per cent stake in SFENA, will acquire control of the latter company; while the state will become the largest single shareholder in Crouzet.

With a joint workforce of 8,500, the partnership of SFENA and Crouzet is expected to be a viable entity in an electronics market dominated by the two French giants, Thomson, and Compagnie Generale d' Electricite (CGE).

As in the case of the other two groups, SFENA and Crouzet will be dependent on the state, which will not only be their most important shareholder, but their biggest client for both military and civil aircraft equipment.

Royale Belge takes stake in insurer

By Our Financial Staff

ROYALE BELGE Vie-Accidents, the Belgian insurance group, has taken a majority stake in L'Assurance Liegeoise and plans to make an offer for the outstanding minority. A company statement said BFrs. 41,500 ($1,316) per share was paid, but gave no further details.

Both Assurance Liegeoise and its subsidiary La Fonciere Liegeoise are to maintain their separate corporate identities. The link with the Royale Belge group is expected to "improve their business."

Royale Belge Vie-Accidents had a 1979 turnover of nearly BFrs 28bn. Assurance Liegeoise's turnover last year was BFrs 3.5bn.

Belgian issue's peak coupon

By Our Financial Staff

THE BELGIAN Government will pay a record coupon on a bond issue to be launched next month in an effort to raise more than BFr 50bn ($1.58bn).

The Finance Ministry confirmed that the eight-year domestic borrowing would carry a 13 per cent coupon for the first four years and an unprecedented 13.25 per cent for the second four years. The selling period begins on January 15 at a price yet to be set.

The previous record coupon for a state funding was 13 per cent on the BFr 30bn road-building borrowing in April, which was priced at 99.5. The same coupon was offered on the second, five-year phase of a BFr 50bn issue in September which had the added bonus of repayment of 101.5 per cent of par at redemption after nine years.

Malaysian soft drinks group hit by competition

BY WONG SULONG IN KUALA LUMPUR

YEO HIAP SENG Malaysia, the soft drinks manufacturer, has reported a setback in earnings despite healthy growth in sales. However, the company's shares have risen by more than 50 per cent in value in recent weeks, in advance of the bonus and rights issue which was announced together with the results.

Yeo said that for the year ended September, its operating profits fell by 12 per cent to 7.9m ringgit ($3.56m), although sales rose by 23 per cent to 100m ringgit ($47m).

Because of fierce competition in the soft drinks market after the entry of several other manufacturers, Yeo was unable to recover increases in costs through the market.

The share of profits from its associated companies also fell drastically so that its pre-tax earnings for the year were only 8m ringgit, some 23 per cent lower than for 1978-79.

Despite the setback, the final dividend is maintained at 10 per cent, making an unchanged 17 per cent for the year.

Yeo announced that it was increasing its share capital to 43.7m ringgit through a one-for-two bonus issue and a one-for-two rights issue at 2 ringgit per share. The bonus issue capitalises on 10.9m ringgit from reserves arising from a revaluation of the group's assets.

The rights issue will raise 21.8m ringgit to be used for expansion. Yeo's shares have recently been traded on the Malaysian exchange at around 5.3 ringgit, compared with 3.5 ringgit a few weeks ago.

Bahrain grants nine new banking licences

By Mary Frings in Bahrain

NINE NEW banking licences were approved by the Bahrain Monetary Agency at their recent board meeting.

Two of the banks licensed as OBUs are already represented in Bahrain. Habib Bank, the oldest and largest bank in Pakistan, has had a commercial branch since 1969, and the major Brazilian bank, Banco do Estado de Sao Paulo (Banesta) opened a representative office in January this year.

The approval of an OBU licence for Kuwait Asian Bank, a consortium of Kuwaiti commercial banks, shows that the BMA is prepared to allow new Arab banks to gain a foothold in the offshore market. United Bank of Oman, the fourth OBU, is an established regional bank.

Another new company with mainly Kuwaiti shareholders, is Bahrain and Middle East Bank which has been granted an investment banking licence.

Two Japanese banks—bringing the total in Bahrain to 15—are to open representative offices; they are Sanwa Bank and Daiwa Bank. The remaining two representative licences went to Ljubljanska Bank of Yugoslavia and Diners Club of Bahrain.

Fewer full accounts in France

BY OUR FINANCIAL STAFF

ACCORDING to preliminary figures published by the Paris Bourse Commission, 330 French corporations listed on the Paris Stock Exchange published consolidated results this year, compared with 351 in 1979.

The Commission believes that 481 companies out of more than 800 listed on the Bourse, should have published consolidated reports for 1980.

Although "generally satisfactory," comments accompanying consolidated results could have been more precise in most cases, it says. The commission also notes that 58 French companies, compared with 52 in 1979, published interim consolidated results. The 58 companies account for 31 per cent of the total market capitalisation of the Paris Bourse.

Israeli banks plan share issues

BY L. DANIEL IN TEL AVIV

ISRAELI BANKS, who rank as leading shares on the Tel Aviv stock market, intend to raise something like Sh 1bn ($1.50m) over the next few months.

Bank Leumi has already informed the stock exchange that it intends to raise Sh 300m ($38.8m) in the form of a one-for-ten rights and options issue—the largest flotation ever on the Tel Aviv market.

The Sh 300m issue will bring to Sh 1.3bn the total amount the Leumi group will have raised, within a 12-month period. Of the Sh 1bn already raised, some Sh 600m was raised on the Eurobond market, Sh 310m directly by the bank in Israel, and the balance by two affiliates, the Union Bank and General Mortgage Bank.

Other banks also hope to tap public funds. Danot, an investment company formed by a group of Israeli industrialists last year, intends to raise Sh 130m through options to be allocated on a rights basis, as well as the sale of options to the public.

Israel Discount Bank plans to mobilise Sh 150m, and United Mizrahi Bank, the country's fourth largest bank, has informed the Exchange of its intention to make a rights issue.

Judging by past experience, Bank Hapoalim, the country's second largest banking group, will not lag behind for long. All of these issues are likely to be on the market in the first quarter of 1981.

● Sci-Tex, a producer of interactive computer-aided design systems used in colour printing on paper, textiles and other materials, has successfully placed on the U.S. over-the-counter market 880,000 shares at $20.25 each. The flotation, equivalent to 18 per cent of the company's capital, should permit further expansion. It follows a similar U.S. operation by Sci-Tex in May.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	30.12.80	23.12.80	AVERAGE YIELD	30.12.80	23.12.80
DM Bonds	91.77	91.54	DM Bonds	9.353	9.390
HFL Bonds & Notes	92.56	92.45	HFL Bonds & Notes	10.338	10.355
U.S. $ Strt. Bonds	85.03	84.17	U.S. $ Strt. Bonds	12.603	12.795
Can. Dollar Bonds	87.22	86.73	Can. Dollar Bonds	12.884	12.966

Matthew Hall structural changes

Mr. Patrick Bye, Mr. Peter Hooley, Mr. J. Iveson and Mr. David King have been appointed divisional directors of MATTHEW HALL AND CO. from January 1. It is proposed that an alteration to the company's articles of association to accommodate a new title of associate director in place of divisional director will be put before the next annual meeting.

As a result of restructuring Matthew Hall Group Services, the following appointments also come into effect on January 1: Mr. M. J. Holliday continues as chairman, Mr. R. Bucknall is appointed as managing director in addition to remaining managing director of Qualter Hall and Co., Mr. J. P. Burtenshaw is appointed director and production division manager, Mr. K. C. Esland is appointed director and plant division manager, Mr. E. C. Morgan is appointed director and company secretary, Mr. R. D. Stooely continues as director and is also appointed managing director of Matthew Hall Administrative Services, a new subsidiary company, to which Mrs. E. R. M. Bustin is appointed director, Mr. Bye and Mr. King join the Board as directors and Mr. Morgan is appointed company secretary. Mr. C. H. Fields has been appointed operations director of Matthew Hall Keynes Engineering B.V. in Holland.

★

Mr. Jeremy R. Caterham has been appointed financial controller and director of AMERICAN INTERNATIONAL UNDERWRITERS (LONDON).

★

Mr. Stanley R. Harding and Mr. A. J. C. Smith have been appointed directors of the CRUSADER INSURANCE COMPANY from January 1. Mr. Myron Du Bain has resigned as a director from the same date.

★

MIDLAND NEWS ASSOCIATION has made the following appointments from January 1: Mr. Mark Kersen, general manager of the Express and Star, becomes managing director and general manager. The general managers of the Shropshire Star and Shropshire Weekly Newspapers, Mr. Brian Jackson and Mr. Gilbert Jarvis, are also appointed managing directors of their companies. Mr. Leslie Stallard, who relinquishes his position as managing director, remains a director of the above companies and also continues as managing director of the Midland News Association, the parent company. He retains his other appointments within associated companies, including his chairmanship of News Shops.

★

Mr. E. Hugh Norie has been appointed a director of MOTT, HAY AND ANDERSON INTERNATIONAL.

★

Mr. P. G. Search and Mr. K. M. Whittaker have been appointed to the Board of BAXTER, FELL AND CO. from January 1.

★

MORGAN GUARANTY TRUST COMPANY OF NEW YORK has promoted the following to vice president: Mr. Thaddeus T. Beczak Jr., Mr. Thomas B. Ketchum, Mr. David M. Tapley and Mr. Paul D. Wietzel; and the following as assistant vice presidents: Mr. David C. Shannon-Roche, Mr. Chilton Thomson Jr. and Mr. Oliver W. Wesson Jr.—all at the bank's London office.

★

Mr. P. B. Ellwood has been appointed an assistant general manager of BARCLAYCARD.

★

Mr. Leslie Young has resigned from the Board of the MERSEY DOCKS AND HARBOUR COMPANY owing to increased pressure of other work.

★

Mr. V. P. Fleming has been appointed chairman of THE TECHNOLOGY INVESTMENT TRUST. He succeeds Mr. W. R. Merton who has retired both as chairman and as a director. Lord Mark Fitzalan Howard has been appointed a director.

★

Mr. R. G. Stone has been appointed departmental director for WINCHESTER BOWRING. Mr. P. J. Rand has become assistant director.

★

Mr. Martin Horwood has been appointed a Vice-President of ZIMMCOR (INTERNATIONAL) INC. from January 1.

★

Mr. Jonathan F. Smith will join the Board of UNOCHROME as director of finance on January 1. He will continue to hold the post of company secretary.

★

Mr. Gordon Davidson has been appointed to the Board of BRITISH CALEDONIAN AIRWAYS with the new position of marketing director from January 1. He will be responsible for the airline's system-wide sales and reservations division; for the merchandising and advertising departments; and consumer research. He succeeds Mr. Duncan Haws, who has retired. Captain John Fugl has been confirmed as British Caledonian Airways' flight operations director and will join the Board on January 1.

★

Mr. John White has been appointed chairman of GUY BUTLER (EUROPE), a new company formed by the Butler Group to participate as brokers in the eurobond market. Mr. Brian Deeble, Mr. Albert Joiner, Mr. David Pippard and Mr. Patrick Chrimes have been appointed to the Board. Mr. White becomes chief executive of Guy Butler (Holdings) on January 1.

★

Mr. D. R. Osborne and Mr. G. Homan-Smith have been appointed to the Board of HARLEY, MULLION AND CO., shipbroking subsidiary of Kleinwort, Benson from January 1.

★

Dr. R. J. Tonks has been appointed managing director of the power transmission division of the FENNER GROUP.

★

Mr. Nicholas Sharp has been appointed a director of DUNCAN LAWRIE from January 1.

★

Mr. Peter Hughes has been appointed a director of REED STENHOUSE MARKETING (North American Division), London.

★

Mr. Lawrence Wing Tai Chui and Mr. A. C. Clapperton have been appointed to the board of JARDINE FLEMING AND CO.

★

Sir Francis Tombs has been appointed a non-executive director of HOWDEN GROUP from January 1.

★

Mr. Trevor Nuttall has been appointed director of the YORKSHIRE AND HUMBERSIDE DEVELOPMENT ASSOCIATION from next March.

★

The Queen has appointed Mr. G. S. Murray commissioner for administration and finance at the FORESTRY COMMISSION in succession to Mr. J. M. Hunter who is retiring, from February 2.

★

Mr. Nigel M. Chaldecott, director of the NATIONAL COUNCIL OF BUILDING MATERIAL PRODUCERS, has been appointed director-general in succession to Mr. Richard Hermon who has retired.

CONTRACTS

£3m for Cooper-Rolls

British Petroleum has placed an order worth more than £3m with COOPER-ROLLS for two gas turbine compressor units which BP will use to boost output from West Sole gas field. The bulk of the two 160-ton units will be made and assembled by Cooper-Rolls, a jointly owned subsidiary of Rolls-Royce and Cooper Industries, of Houston. The two gas generators, which are modified Avon jet engines, will be produced at Rolls-Royce's factories at East Kilbride and Ansty near Coventry. Work is due to begin at Cooper-Rolls' Bootle factory early in the New Year and the units will be ready for delivery at the end of 1981.

★

INDESCON steel division has been awarded contracts for structural steelwork and cladding valued at £1m. Contracts include: a new packaging block for Vaux Breweries at Sunderland where the main contractor is D. & J. Ranken; multi-span portal frames and cladding for Broadacre Developments at Darlington, for which Impact Building and Design Management is the main contractor.

★

GEC DISTRIBUTION EQUIPMENT, Liverpool, has launched its Class M80 range of low voltage cubicle switchgear, with three contracts totalling £1m. This equipment has been ordered for the CEGB Drax power station, by British Nuclear Fuels for the Windscale plant and by Kimberly Clark, for the works at Maidstone.

★

A contract worth £600,000 has been won by the Alleowest systems products division of SIMPLEX-GE, Brighton, to replace the thyristor drives on 11 container-handling cranes at five depots around the country operated by Freightliners, a subsidiary of British Rail. The 12-year-old cranes, Arrol 2.6.2 and 2.6.3 Goliaths handle more than one third of the company's total throughput, currently running at around 1½m containers per year.

★

BURNDEPT ELECTRONICS, Erith, has been selected by the Home Office to supply a number of advanced dual UHF radio base stations for public service use. The total order value is about £250,000. These are the first base stations to be supplied by Burndept Electronics fitted with a microcomputer designed to provide monitoring, diagnostic and warning facilities.

★

What is claimed to be Europe's most advanced plant for the production of abrasive grinding wheels has been ordered by The Carborundum Company from FIELDING & PLATT, Gloucester-based member of the Redman Heenan International group of companies. Costing nearly £500,000 the plant will be installed at Carborundum's Manchester works, Trafford Park, and will consist of a 25MN vertical hydraulic press together with all ancillary equipment for the manufacture of wheels from 24 in to 48 in diameter, and thicknesses from 1½ in to 20 in.

★

COMPUTERVISION has an order, valued at nearly £200,000, from Brunel University, for a Designer IV system, two Instaview raster scan work stations, a plotter and mechanical design software — 3D graphics and numerical control and finite element mesh generating packages.

★

The GLOUCESTER RAILWAY CARRIAGE AND WAGON COMPANY has received orders from W. H. Davis and Sons for a quantity of rubber sprung cast steel bogies and minor doorgear equipment which will be incorporated in ballast hopper wagons to be built for the London Transport Executive.

WORLD STOCK MARKETS

Wall St. mixed at mid-session

AMID continuing uncertainty about interest rates and with further year-end tax selling taking place, Wall Street opened on an easier note but subsequently picked up to make a mixed showing at mid-session. Trading was reasonably active.

The Dow Jones Industrial Average, which lost 5.8 on Monday, was 3.16 lower at 10.30 a.m. yesterday before rallying to 960.84 at 1 p.m., up a marginal 0.26 from the overnight level. The NYSE All Common Index managed a net gain of 16 cents at $77.60, although rises and falls were fairly evenly matched at mid-session. Trading volume came to 27.13m shares, compared with the 26.0m recorded at 1 p.m. on Monday.

Analysts said trading was generally featureless as many institutional investors have withdrawn from the market until the New Year.

As evidence of the interest rate uncertainty, analysts noted that Morgan Guarantee Trust raised its Broker Loan Rate to 20½ per cent from 20 yesterday morning, after lowering it to 20 per cent from 21 the previous day. The change brings Morgan's rate back into line with that charged by most other banks. Later, Citibank raised its Broker Loan Rate to 21 per cent from 19½.

Active Great Western Financial shed ¼ to $18½ in active trading.

James River, however, put on ¾ to $23¼. The company has offered to acquire Sorg Paper for $14m. Sorg closed on the Amex at $12 the previous evening.

Active Beatrice Foods gained ½ to $19¼. It has terminated its planned merger with Bob Evans Farms.

Biscayne Federal Savings and Loan lost ½ to $21¼. Directors deferred action on the quarterly dividend until next month.

THE AMERICAN SE Market Value index was 0.25 firmer at 349.62 at 1 pm. Volume 4.24m shares (3.81m).

Closing prices for North America were not available for this edition.

Canada

Markets were narrowly mixed at mid-day after moderate dealings. The Toronto Composite index gained 2.2 at 2,262.0 at noon, while Metals and Minerals put on 9.6 to 2,317.1 but Oil and Gas eased 6.4 to 4,371.3.

Hong Kong

A broad advance took place in reasonably active trading as the market responded favourably to the latest U.S. interest rate cuts. The Hang Seng index, down 17.64 the previous day on profit-taking, moved ahead 41.66 to 1,486.74.

There was an initially indecisive reaction to the overnight U.S. news of Citibank's Broker Loan Rate cut and Chemical Bank's Prime Rate reduction, but steady buying was seen throughout the rest of the session on the Hong Kong market.

Swire group shares were particularly strong as operators realised the benefits that could accrue from the new underground railway line to be built in Hong Kong. Swire Pacific A rose 90 cents to HK$11.50 and subsidiary Swire Properties HK$1.50 to HK$15.40.

Jardine Matheson and Hutchison Whampoa advanced 70 cents each to HK$26.80 and HK$18.20 respectively, while Cheung Kong put on HK$1.25 to HK$33.00, HK Bank 60 cents to HK$21.80 and HK Land 30 cents to HK$23.10. Hang Seng Bank climbed HK$8 to HK$155, Wheelock Marden A 60 cents to HK$7.80 and HK Electric 40 cents to HK$8.20.

Elsewhere, Winsor added 45 cents at HK$4.65 and Trafalgar 25 cents at HK$7.40.

Germany

Stocks again closed with mixed movements after slack trading dominated almost entirely by year-end transactions.

In a day otherwise moved only by technical factors, Karstadt fell DM 4 to DM 197 after news emerged, and was later confirmed, that it would offer to buy up outstanding shares of Neckermann Versand, the troubled retailer in which Karstadt owns a 51 per cent interest. Trading in Neckermann stock has been suspended. Karstadt said in a Press release that Neckermann was producing a loss and that a capital cut and readjustment would be proposed at Neckermann's annual meeting in 1981, with details of the proposals to be decided on January 9.

Trading in Neckermann which finished at DM 64.20 on Monday, is to remain suspended for the rest of the week.

The Bond markets were nearly as erratic as stocks, with certain issues apparently favoured in closing year-end accounts and gaining as much as a point both among Domestic and Euromark issues. The Bundesbank intervened to sell only DM 200,000 on the Frankfurt Exchange, down from sales of DM 6.9m the previous day.

Paris

Bourse prices retreated over a broad front, mainly reflecting end-of-year technical adjustments which outweighed the effects of further small buying to gain the tax advantage under the "Monory law." The Indicateur de Tendance index receded 1.5 to 111.8.

Stores were mostly ahead at the close in contrast to the generally weak trend.

Peugeot, whose Citroen subsidiary said its vehicle production this year would be 19.7 per cent below 1979's level, slipped FFr 1.1 to FFr 124.

Australia

Shares tended to make further cautious progress in thin trading as traders awaited clearer signals on the direction of U.S. interest rates. The Sydney All Ordinaries Index rose 8.45 more to 1,013.84.

Selected Oil and Gas issues featured. Santos added 30 cents at A$18.30 and partner Vamgas advanced 40 cents to A$7.90 following reports of oil shows at the Cooper Basin well Dullingari 10DM6.

Western Resources had early deals at A$1.90 in response to encouraging oil shows at its Mt. Horner No. 1 well, but later the price came back to A$1.80, down 5 cents on balance.

Ampol Petroleum climbed 12 cents to A$1.92. Central Pacific put on 20 cents to A$7.20 and its Rundle oil shale partner Southern Pacific 15 cents to A$2.90.

Sugar issues were a highlight, CSR strengthening 14 cents to A$7.40, Bundaberg 15 cents to A$4.80, Howard Smith 30 cents to A$8.40 and Pioneer Sugar 5 cents to A$3.60.

G. J. Coles led a firm Retailing sector with a rise of 13 cents to A$2.30 amid indications of a bumper Christmas trade with the retail industry.

Banks improved on news that they are increasing their charges. ANZ hardened 4 cents to A$5.30.

Coal and Allied gained 60 cents to A$13.20, Associated Pulp 10 cents to A$2.10 and BHP 5 cents to A$16.45.

Coal issue Utah firmed 10 cents to A$3.80, but Uranium concern Pancontinental shed 20 cents to A$11.80.

Elsewhere on the Minings boards, CRA closed 15 cents up at A$5.90 and North BH added 10 cents at A$4.10.

The downturn in the Bullion price left some Gold shares lower.

Johannesburg

Largely reflecting overseas selling in reaction to the weaker Bullion price, Gold shares fell sharply. Trading was fairly active despite many operators being out of the market for the holiday period.

Among Heavyweight producers, President Steyn retreated R4 to R53, East Drie R2.50 to R33.50 and Kloof R4.75 to R39.50.

Tokyo

The market remained closed for the week-long New Year holiday.

Indices

NEW YORK —DOW JONES

	Dec. 29	Dec. 26	Dec. 24	Dec. 23	Dec. 22	Dec. 19	1980 High	1980 Low	Since Compil't'n High	Since Compil't'n Low
♦Industr'ls	960.58	933.38	963.05	956.28	958.78	937.20	1000.17 (20/11)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	66.15	65.99	64.04	65.62	63.47	61.67	76.61 (20/6)	60.66 (18/12)	—	—
Transport.	393.67	399.92	396.76	395.55	395.52	392.85	425.68 (20/11)	233.69 (27/3)	425.88 (20/11/80)	12.232 (8/7/32)
Utilities	114.68	116.79	116.87	117.50	117.50	115.70	117.84 (19/11)	95.84 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	56,860	16,150	20,490	55,260	52,120	51,040	—	—	—	—

♦Day's high 974.57 low 956.40

	Dec. 26	Dec. 18	Dec. 19	Year ago (approx)
Ind. div. yield %	5.65	5.82	5.95	6.03

STANDARD AND POORS

	Dec. 29	Dec. 26	Dec. 24	Dec. 23	Dec. 22	Dec. 19	1980 High	1980 Low	Since Compil't'n High	Since Compil't'n Low
‡Indust'ls	155.64	155.32	154.48	153.69	154.21	151.85	160.36 (28/11)	111.09 (27/3)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	135.05	136.57	135.88	165.30	133.76	133.70	140.52 (28/11)	98.22 (13/3)	140.52 (28/11/80)	4.40 (1/6/32)

	Dec. 24	Dec. 17	Dec. 10	Year ago (approx)
Ind. div. yield %	4.36	4.46	4.61	5.27
Ind. P/E Ratio	9.57	9.39	9.06	7.67
Long Gov. Bond Yield	11.75	12.57	12.68	10.17

N.Y.S.E. ALL COMMON

Dec. 29	Dec. 26	Dec. 24	Dec. 23	1980 High	1980 Low
77.44	78.88	77.85	77.64	81.02 (28/11)	55.30 (22/3)

Rises and Falls	Dec. 29	Dec. 26	Dec. 24
Issues Traded	2,015	1,873	1,964
Rises	535	840	938
Falls	1,123	595	641
Unchanged	367	438	385
New Highs	51	59	—
New Lows	13	10	—

MONTREAL

	Dec. 29	Dec. 24	Dec. 23	Dec. 22	1980 High	1980 Low
Industrials	366.62	371.74	370.38	367.41	425.80 (29/2)	323.31 (27/3)
Combined	349.50	352.88	351.04	349.59	376.96 (20/10)	286.90 (27/3)
TORONTO Composite	2252.8	2276.5	2222.1	2234.5	2402.2 (26/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Boeing	724,501	42¾	+1⅛
Chrysler	465,300	4¾	−⅛
Am. Tel. & Tel.	483,500	48⅝	−¼
Sears Roebuck	413,000	15½	−½
Caesars World	362,300	15¾	+⅝
Gen. Dynamics	365,400	40	+⅞
IBM	345,700	68	−1
LTV	341,400	18¾	−⅜
Fed. Nat. Mort.	306,900	12¾	−¼
Gulf Oil	303,600	42⅝	−1¾

	Dec. 30	Dec. 29	Dec. 26	Dec. 24	1980 High	1980 Low
AUSTRALIA Sydney All Ord. (1958/59)	1013.84	1005.39	(c)	999.07	1048.07 (18/11)	760.00 (2/1)
Metal & Minrls. (1958/59)	6228.55	6176.47	(c)	6140.85	7025.52 (20/10)	4681.26 (28/6)
AUSTRIA Credit Aktien (2/1/62)	66.98	66.73	(c)	68.56	69.48 (7/1)	65.55 (18/8)
BELGIUM Belgian SE (31/12/63)	83.67	84.35	(c)	84.68	105.76 (11/2)	82.62 (11/12)
DENMARK Copenhagen SE (1/1/73)	96.81	96.73	(c)	96.87	98.35 (4/11)	74.78 (5/3)
FRANCE CAC General (29/12/61)	112.0	114.8	115.6	112.60	120.3 (5/11)	97.1 (3/1)
Ind Tendance (28/12/79)	111.8	113.4	112.5	112.70	121.5 (5/11)	96.5 (8/1)
GERMANY FAZ-Aktien (31/12/58)	222.55	220.62	(c)	220.62	240.89 (25/2)	212.73 (28/6)
Commerzbank (Dec. 1953)	683.3	683.7	(c)	682.80	748.2 (25/2)	687.0 (27/3)
HOLLAND ANP-CBS General (1970)	85.4	85.8	(c)	85.6	90.8 (21/11)	74.8 (27/3)
ANP-CBS Indust. (1970)	61.8	61.5	(c)	61.4	68.2 (11/1)	66.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	1436.74	1443.08	(c)	1462.72	1654.57 (13/11)	738.9 (19/3)
ITALY Banca Comm. Ital (1972)	171.19	170.20	(c)	167.24	188.18 (4/11)	85.11 (2/1)
JAPAN Dow Average (16/5/49)	(c)	(c)	7066.13	7042.00	7188.28 (3/11)	6475.93 (27/3)
Tokyo New SE (4/1/68)	(c)	(c)	481.18	489.97	497.96 (20/10)	449.01 (10/3)
NORWAY Oslo SE (1/1/72)	113.58	116.12	(c)	116.65	144.70 (14/2)	112.12 (28/3)
SINGAPORE Straits Times (1966)	880.39	864.13	865.90	861.61	721.70 (21/11)	429.75 (5/1)
SOUTH AFRICA Gold (1958)	(u)	(u)	(c)	—	1026.1 (22/9)	406.5 (18/3)
Industrial (1958)	(u)	(u)	(c)	—	660.5 (5/11)	456.0 (2/1)
SPAIN Madrid SE (28/12/79)	106.11	(c)	(c)	105.25	111.17 (16/6)	93.75 (15/5)
SWEDEN Jacobson & P. (1/1/58)	423.26	418.66	(c)	414.17	423.25 (30/12)	354.72 (17/1)
SWITZERLAND Swiss BankCpn. (31/12/58)	290.4	298.0	(c)	297.20	317.3 (11/2)	273.0 (28/3)
WORLD Capital Intl. (1/1/70)	—	138.5	155.3	150.8	164.3 (20/11)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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COMMODITIES AND AGRICULTURE

Scottish milk output down again

By Our Commodities Staff

SCOTTISH MILK production declined again last month. The Scottish Milk Marketing Board, which controls 90 per cent of Scottish milk production, announced yesterday that total production in its area during November totalled 73.43m litres, 1.7 per cent less than in November 1979.

The Board noted that while this was a relative improvement on the position in October, November 1979 output had been 7 per cent down on the previous year. "In historical terms total milk production in the Board's area has, therefore, remained at an exceptionally depressed level," it said.

The volume sold for liquid consumption in November was also down 1.7 per cent at 44.14m litres. The Board said it believed this decline, which represented a relatively poor performance compared with the previous two months, was partly due to the way weekends fell during the month. There were five Saturdays and five Sundays, it noted, days on which liquid milk sales are usually low.

Coffee sabotage alleged

GUATEMALA CITY — The Government alleged this week an unidentified aircraft dropped leaves infected with a rust fungus on coffee plantations in the department of Suchitepequez, 150 miles west of the capital. It said the disease had been controlled.

In a special statement condemning the operation, the Government said the action amounted to "biological warfare," and violated international principles.

There was no indication who dropped the infected leaves from a private aircraft, the Government said.

Meanwhile in London, Robusta futures which had risen by up to £10 in the morning closed £8 down at £1,034.5 after profit-taking.

U.S. cotton ginnings

WASHINGTON, Dec. 29 — There were 8.73m bales of 1980-crop upland cotton and 71,458 of American Pima ginned up to December 15, the U.S. Census Bureau has said.
Reuter.

Further fall in sugar market

BY RICHARD MOONEY

WORLD SUGAR values extended this week's decline yesterday with the March position on the London futures market losing another £12.60 to £296.75 a tonne, following a £12.15 fall on Monday. In the morning the London daily raw sugar price was fixed £25 down at £280 a tonne.

Dealers could offer no specific explanation for the decline, but most agreed was that it was linked to the overnight decline in New York base metal prices. Some said it was influenced by year-end book-squaring but others questioned this, pointing out that little book-squaring should be necessary following recent thin trading.

The thin market itself may have been responsible to a significant extent for this week's decline. Trading volumes were so small that it needed only minor buying or selling to nudge the market in one direction or the other. In the event, it was nudged downwards and there was little underlying support to prevent the fall.

Physical trading has been very quiet and is not expected to pick up for a while. Only a few countries are in the market for sugar during the first week of the New Year and the amounts required are relatively modest.

The current decline began just before Christmas after a rally had lifted the March price to £325.45 a tonne, wiping £65 off the post-October decline.

The summer rise, which lifted world sugar prices to £440 a tonne in October, had been influenced by strong Russian and Chinese buying of physical sugar. But this demand has since disappeared. Some dealers quoted the continued absence of Soviet buying as a feature in yesterday's fall.

In Indonesia yesterday a leading newspaper said the country might have to import 600,000 tonnes of sugar in 1981 because of a disappointing home crop. But London dealers noted that this figure was similar to 1980 imports and was not a market factor.

Uganda cobalt study

TORONTO — Falconbridge Nickel Mines has agreed with the Government of Uganda to prepare a feasibility study on installing a plant to process cobalt ores at the Kilembe Mine in western Uganda, a company official said yesterday.

He was answering questions on a report published in London that Ugandan President Milton Obote has signed a contract worth about $C1.26bn over the next ten years with Falconbridge.

The report said the deal, for which 27 companies were bidding, was arranged by a London-based company, Counselling International, and is intended to exploit the world's largest stockpile of cobalt.

The spokesman said he expected there would be further negotiations.
Reuter.

EEC farm grants

BY OUR COMMODITIES STAFF

BRITISH AGRICULTURAL enterprises have received EEC grants worth a total of £3.76m in the second batch of 1980 awards announced by the Common Market Commission yesterday.

The money, from the Common Market Farm Fund (FEOGA), goes to 32 projects. Nearly half of the total goes to the red meat processing sector, with grants totalling £1.59m, the biggest single award being £370,000 for the construction of a slaughter-house in Edinburgh.

Next in the list is £347,202 towards the building of grain drying and storage facilities near Micheldever in Hampshire. This accounts for over a third of the £915,683 total for cereal projects.

Four milk and milk products projects have been granted £551,517 while four fruit and vegetable schemes will receive £254,786. Also included are a seeds project (£43,022) and a poultry project (£53,014).

In the first round of awards, announced in July, British enterprises received awards totalling £4.19m. In 1979 UK awards totalled £6.17m.

Faroes fish ban 'will not last'

By a correspondent

THE BAN keeping British fishermen from Norwegian and Faroese waters brought about by the collapse of the EEC fisheries policy, a few weeks ago, should last only a few weeks, according to Mr. David Aitchison, the chief executive of the Scottish Fishermen's Federation.

The ban is due to come into force tomorrow, after which there will be no legal basis for Norwegian and Faroese boats to fish EEC grounds as quota arrangements which are fixed on a year to year basis will have run out.

In response, British, French, German and Danish boats will not be allowed access to Norwegian and Faroese grounds. The Norwegians actually closed their grounds four weeks ago because the 1980 quota had already been taken up.

According to Mr. Aitchison, Scottish boats will be the chief victims of the ban, because they depend on the Norwegian haddock and the Faroese cod to a large extent at this time of year. Mr. Aitchison led a deputation of fishing industry representatives yesterday to a meeting at the Department of Agriculture and Fisheries for Scotland, in Edinburgh to emphasise the threat to their livelihood.

Peanut stocks

STOCKS OF peanuts held in U.S. commercial storage on November 30 amounted to 1,593m lbs, compared to a revised 1,387m lbs a month earlier and 2,953m lbs held a year ago, the U.S. Agriculture Department reported.

The end-November stocks were made up of 1,298m lbs of unshelled, their equivalent of 273.6m lbs in shelled form and their equivalent of 21.7m lbs in roasting stock.

A year earlier, the respective stocks, calculated on an un-shelled basis were 2,412m, 508.3m and 32.8m lbs.

The Commodity Credit Corporation held 281m lbs of uncommitted peanut stocks on November 30, compared to 165m lbs a month ago and 561.8m lbs a year earlier.

The end-November stocks of shelled peanuts included 27.1m lbs of oil stock and the remainder were edible grade.

During November, 14.4m lbs of peanuts were crushed for oil, cake and meal.

CANADIAN FISHING

Too many boats, too few fish

BY RICHARD MOONEY RECENTLY IN CANADA

VIEWED FROM Europe's troubled waters, Canada's fishing situation might appear almost idyllic. With only one (friendly) neighbour to contend with, Canada has been blessed with almost total control over the 200-mile coastal zone it declared on January 1, 1977 and as a result it has been able to ensure a steady recovery in its previously over-exploited stocks.

But this has not enabled it to escape entirely the problems of over-capacity which have plagued the EEC fishing industry, where conflicting interests of member countries have prevented effective offshore stock conservation. While reduction of European catching power has failed to keep pace with the decline in stocks, the build up in the Canadian fleet has far out-stripped the increase in available stocks. The result is the same: too many fishermen chasing too few fish.

Canada, with the longest coastline in the world, is one of the leading fish catching powers. But while it heads the fish products export league, it is well down the list on per capita fish consumption — in spite of its relatively small population.

Advance

In 1979 Canadian fishermen caught C$1.8bn worth of fish of which $C1.3bn worth was exported. The main buyer was the U.S., followed by Japan.

Recent earnings represent an impressive advance from the early years of the last decade—in 1974 the fish catch was valued at only $C475m—but with the scope for further stock regeneration declining further significant improvement of fishermen's living standards cannot be achieved by simply expanding catches.

In the optimistic climate created by the extension of the coastal limit to 200 miles, investment in increased catching capacity was excessive. Between 1977 and 1979 the number of fishermen doubled, partly as a result of misguided efforts on the part of some provincial governments to encourage the building of extra vessels by providing generous grants and loans to hopeful fishermen.

It has long since been recognised that Canada's fish stocks, particularly on the Atlantic coast, cannot provide a decent living for so many fisherman, nor are they likely to do so in the foreseeable future. Experts estimate that the East Coast fleet is three times bigger than it need be in order to maximise the economic and social benefits the fishery can provide.

It is the balance between economic and social considerations that is causing the most serious problems. It would be easy enough to put the industry on a sound financial footing by restructuring the fleet so that it consisted of fewer but more efficient boats. But the social disruption this would cause would be unacceptable.

Mainstay

Fishing is the mainstay of many Canadian coastal communities with few employment alternatives. Nowhere is this more true than in the island province of Newfoundland, where it accounts for a third of all employment. Newfoundlanders have always been fishermen—it is in their blood. The Hibernia offshore oil field may in the future generate extra wealth and jobs but oil is never likely to oust fishing from its deeply entrenched position in the hearts and minds of the islanders and the culture of their communities.

The same is true of many coastal communities in the so-called "maritime provinces" of New Brunswick, Nova Scotia and Prince Edward Island.

In his eight years as Fisheries Minister (broken for only the few months when the Clarke government was in power) Romeo Leblanc (a New Brunswickian himself) has shown great understanding of the social importance of fishing to East Coast Canada.

Rather than press for maximum efficiency and high earnings for the country the Minister has concentrated on maintaining the social balance of the industry. His policies have favoured the small inshore men at the expense of the powerful offshore company fleets.

This approach has won him a special place in the hearts of the inshore fishermen—mention his name to fishermen in any small East Coast harbour and you will be answered in hushed, almost reverential, tones—but it has tended to aggravate another of the industry's problems: that of quality.

Canadian fish has a poor reputation on the world market and much of it fetches rock bottom prices. There can be little doubt that the preponderance of artisan fishermen in small unsophisticated vessels is partly responsible for this. Another cause is the proliferation of small, often uneconomic, local processing operations built with the aid of funds from job-hungry provincial governments.

CANADIAN DEMERSAL FISH CATCH
('000 tonnes)

	1975	1976	1977	1978	*1979	†1980
Cod	152	190	233	282	336	364
Haddock	18	18	23	32	28	39
Pollock	27	24	25	27	22	30
Flatfish	95	114	125	135	135	149
Redfish	103	89	67	73	93	106
Totals	395	435	540	549	614	688

* Provisional. † Estimated.
Source: Canadian Department of Fisheries and Oceans

License system

Fishery officials estimate that by maximising quality and reducing wastage the value of the catch at present volumes could be raised by as much as 40 per cent. As the potential for increasing catches runs out, this prospect is becoming increasingly attractive, and the Federal Government's Department of Fisheries and Oceans (DFO) has embarked on an ambitious plan to upgrade the quality and "market perception" of Canadian fish.

The five-year programme, budgeted to cost around C$19m, aims to bring all fishing vessels within a certification scheme to ensure that they are equipped to produce top quality fish. A dockside grading system is to be introduced. Improvements are to be encouraged at unloading points and in handling during transportation. Tighter quality control is to enforced at processing plants, and final product grading is to be introduced.

In addition, the Department plans to control exporting through an export licensing system aimed at allowing only high grade products on to the market.

If these efforts succeed in raising prices and if the recently introduced moratorium on the issuing of new commercial fishing licences achieves the desired reduction in catching capacity, Canada's East Coast fishing industry could have a very prosperous future.

But one stubborn problem would remain—the low home consumption which makes the industry so heavily dependent on exporting. Attempts have been made to persuade urban Canadians to eat more fish but never with any real lasting success. The beef-eating habit is well established and as a low cost alternative poultry meat beats fish hands down.

Dollar weakness

While demand in the American, Japanese and European markets remains strong, this will not be too much of a problem. But there are already signs that the U.S. may be taking less next year and the prospect of resumption of directed herring fishing in the North Sea is causing some nervousness. Canada has been the main beneficiary of the European market gap left by the closure of this fishery, for conservation reasons four years ago.

Industry chiefs are also keeping a weather eye on the foreign exchange markets. They recognise that Canada's recent exporting success has owed much to the weakness of the Canadian dollar which has enabled them to sell abroad at very competitive prices. A reversal in this trend would pose very severe marketing problems.

That is one reason why the DFO is so anxious to improve the reputation of Canadian fish. At the moment exporters are winning a market through cheapness, if this situation does not continue they will be forced to sell on quality.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Lost further ground on the London Metal Exchange, reflecting the rise in sterling. Forward metal opened at £821 and held steady on the pre-market before easing to £815.5 in the Rings. During the afternoon the market fell afresh as sterling advanced with three months finally £812.5 and the contango trading at £20. Turnover: 27,500 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	796-6	−17½	781-5	−6
3 months	815-0	−17½	818-.5	−6
Settlem't	796	−17	—	
Cathodes				
Cash	769-71	−20.5	768-71	−7.5
3 months	795-.0	−16.5	798-.6	−7.25
Settlem't	771	−20	—	......
U.S. Prod			*82-91.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £796, three months £820, 19, 20, 21, 22, 21.5, 21, 18, 18, 16. Cathodes, cash £771, three months £795.5. Kerb: Wirebars, three months £815, 14, 13, 14. Afternoon: Wirebars, three months £814, 13.5, 13, 13.5, 12, 12.5. Cathodes, three months £792.5, 92. Kerb: Wirebars, three months £812, 13, 12.5, 13.

TIN—Quietly steady as good support at the £6,300 level held three months around the level prior to a close of £6,305 on the late Kerb. Turnover: 850 tonnes.

Morning: Standard, cash £6,190, 95, three months £6,300, 05, 02, 05, 08, 10. Kerb: Standard, three months £6,305, 10. Afternoon: Standard, three months £6,305, 07, 06, 05. Kerb: Standard, three months £6,305.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6195-200	−30	6180-200	−10
3 months	6310-5	−1	6305-7	−8
Settlem't	6200	−40	—	......
Standard				
Cash	6195-200	−30	6180-200	−10
3 months	6310-5	−1	6305-7	−8
Settlem't	6200	−30	—	......
Straits E.	$a1926	−1	—	......
New York	—	......		

LEAD—Easier as the fall in copper coupled with hedge selling and lack of interest, saw three months decline from £325 to £318 by the close of the afternoon Kerb. Turnover: 9,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	307-8	−6.25	307.5-8	−5.75
3 months	319-.5	−6	319-.5	−6.25
S'ment	308	−6	—	......
U.S. Spot	—	......	*39-43	......

Morning: Cash £311, 08, 07, 07.5, three months £323, 22.5, 21.5, 20, 19, 20, 19.5. Kerb: Three months £318. Afternoon: Three months £318, 18.5, 19, 19.5, 19. Kerb: Three months £318, 19.

ZINC—Held steady in subdued trading prior to closing the late Kerb at £338.5. Turnover: 4,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	324.5-5.5	−.75	324-5	−.5
3 months	337.5-8	−.5	330.5-.75	−.675
S'ment	325.5	−.5	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £337, 36.5, 37, 38. Kerb: Three months £337.5, 37, 36, 36.5. Afternoon: Three months £338, 38.5. Kerb: Three months £336.5, 37, 38.

ALUMINIUM—Lower on currency considerations and general lack of interest, with forward metal easing from £632 to close the late Kerb at £625. Turnover: 5,100 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	606-7	−12.5	603-.5	−9.5
3 months	627-8	+12	626-.5	−8

Morning: Three months £630, 27, 28. Kerb: Three months £620, 25. Afternoon: Three months £624, 24.5, 25. Kerb: Three months £625, 25.5.

NICKEL—Lost ground owing to the strength of sterling which saw forward metal fall back to end the afternoon at £2,677.5. Turnover: 258 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2680-90	−30	2600-70	−35
3 months	2690-5	−17.5	2670-5	−32.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,700, 2,695. Afternoon: Three months £2,680, 75. Kerb: Three months £2,675.

SILVER

Silver was fixed 32.9p an ounce lower for spot delivery in the London bullion market yesterday at 654.6p. U.S. equivalents of the fixing levels were: spot $15.59, down 61.8c; three-month $16.308, down 67.9c; six-month $16.849, down 66.8c; and 12-month $18.057, down 65.0c. The metal opened at 661p-670p ($15.7-$15.9), and closed at 648p-657p ($15.5-$15.7).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	654.60p	−32.9	651.0p	−25.5
3 months	678.80p	−33.5	675.0p	−26
6 months	702.80p	−31.9	—	......
12 months	753.20p	−31	—	......

LME—Turnover 115 (99) lots of 10,000 ozs. Morning: Three months 685, 86, 85, 74, 70. Kerb: Three months 672, 77, 75, 75. Afternoon: Three months 679, 80, 76. Kerb: Three months 676, 75, 74, 72.

COCOA

Cocoa futures remained steady trading unchanged to Monday night's levels throughout a quiet morning. During the afternoon combined trade hedging and long liquidation by commission houses caused prices to ease and close at the lows of the day with losses of £15. Physical business reflected modest producer sales but no offtake was reported among consumers, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	966-870	−7.5	885-868
March	896-898	−14.0	911-894
May	918-919	−15.0	932-916
July	938-940	−18.0	953-938
Sept.	960-961	−12.0	970-959
Dec.	985-986	−14.0	996-984
March	1008-10	−15.5	1018-14

Sales: 2,153 (2,660) lots of 10 tonnes.

ICO Futures: Daily price for December 29: 96.67 (97.53): 10-day average 95.73 (95.16): 15-day average 95.32 (95.15).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Dec. 345 buyer, nil, nil; Jan 350, 356, nil, nil; March 356, 360, 359-358, 2; May 358, 362, 360-357, 2; August 372, 376, nil, nil; Oct. 374, 378, nil, nil; Dec. 379, 382, nil, nil; Jan. 381, 384, nil, nil; March 383, 385, nil, nil; May 384, 388, nil, nil. Sales: 4.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per kg. March 471.0, 473.5, 478.0-474.0, 11; May 488.5, 489.0, 491.5-488.0, 21; July 503.0, 505.0, 506.0-504.0, 47; Oct. 505.5, 507.0, 507.4-506.5.

COFFEE — (continued) 21; Dec. 508.0, 509.0, 509.0-509.0, 10; March 515.0, 518.0, untraded; May 520.0, 522.0, 520.0-520.0, 3. Sales: 113.

COFFEE

Robustas opened as expected, but as values hit chart resistance levels, heavy trade and commission house selling together with dealer profit-taking eased the market to around unchanged levels by lunchtime, reports Drexel Burnham Lambert. Stronger sterling produced a further easing of prices at the start of the afternoon, and a weaker New York Sept values £10 below unchanged levels during a moderately active session.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1006-08	−8.5	1085-06
March	1034-35	−8.0	1051-34
May	1043-44	−7.0	1058-43
July	1050-51	−9.5	1067-50
Sept	1050-52	−10.5	1007-49
Nov	1050-55	−13.5	1068
Jan	1060-61	−9.5	1080

Sales: 3,568 (2,417) lots of 5 tonnes.

ICO Indicator prices for December 29: (U.S. cents per pound). Other Mild Arabicas 128.00 (127.00). Robustas ICA 1976 120.25 (same). ICA 1968 120.50 (same). Unwashed Arabicas 215.50 (215.00). Comp daily ICA 1968 155.00 (154.67).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged on wheat to 15p higher on barley. The spot months on wheat and barley saw good buying support. Old crops generally saw rises of 5p-25p on wheat and 40p on barley, values closing firm on the day. New crops saw little trade and values remained unchanged on the day, reports Acli.

WHEAT M'nth	Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Jan.	103.25	+0.35	96.20	+0.50
Mar.	107.30	+0.25	99.10	+0.40
May	111.30	+0.20	103.10	+0.40
July	115.55	+0.05	—	
Sept.	100.90	......	90.25	
Nov.	104.85	......	100.10	

Business done—Wheat: Jan. 103.30-103.15, March 107.35-107.20, May 111.35-11.30, July 115.45-115.35, Sept. end Nov. no trade. Sales 288 lots of 100 tonnes. Barley: Jan. 95.20-94.85, March 99.10-98.85, May 103.05-102.90, July no trade, Sept. 96.25-96.25, Nov. no trade. Sales: 179 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Feb. 110.25, March 110.75 transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 105.75, March 105.75 transhipment East Coast. English Feed fob April/June 115.50 East Coast. Maize: South African Yellow Jan./Feb. 92. Barley: English Feed fob April/June 107 East Coast nominal. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: W. Midlands 93.50, N. West 95.00.

The UK Monetary Coefficient for the week beginning Monday, January 5, 1981, is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier with little interest throughout the day, closing on a dull note. Lewis and Peat reported a fob January price for No. 1 RSS in Kuala Lumpur of 303 (303.5) cents a kilogramme and SMR 20 at 256 (257) cents.

No. 1 R.S.S.	Yest'day close	Previous Close	Business Done
Feb.	58.60-58.70	59.50-59.80	—
Mar.	59.60-59.90	60.40-61.60	—
Apr-Jne	62.70-62.80	63.50-63.60	63.50-62.75
Jly-Sept	66.00-66.10	66.60-67.00	67.00-66.00
Oct-Dec	69.10-69.30	70.00-70.10	70.00-69.20
Jan-Mar	72.20-72.60	73.10-73.20	73.20-72.30
Apl-Jne	75.20-75.40	76.20-76.30	75.20
Jly-Sept	78.30-78.40	79.20-79.46	—
Oct-Dec	81.40-81.60	82.40-82.50	81.40

Sales: 348 (77) at 15 tonnes, none at 5 tonnes. Physical closing prices (buyer) were: Spot 57.00p (57.25p); Feb. 61.25p (62.00p); March 62.00p (62.75p).

SOYABEAN MEAL

The London market opened £1.00 down on commission house selling, reports T. G. Roddick. Prices drifted on stronger sterling, closing £2.00 lower on the day.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
February	125.60-26.0	−8.45	127.00-25.50
April	131.60-31.9	−8.30	134.50-31.50
June	134.50-34.8	−1.75	—
August	135.5-36.0	−2.95	137.00-36.00
October	128.10-28.5	−1.15	126.50-28.50
December	127.70-29.5	−1.5	126.00
February	128.00-31.0	−3.0	—

Sales: 128 (55) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £280.00 (£305.00) a tonne cif for Dec.-Jan.-Feb. shipments. White sugar daily price was £310.00 (£327.00).

Sell-at-best orders at the opening found few takers until prices were some £9 below overnight levels, after which £5 was quickly recovered. However, the rally was not sustained and prices fell back by the end of the morning session. Later New York quotations moved upwards and London rallied strongly to close at the high points of the day some £13 above the lows, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous close	Business Done
	£ per tonne		
Jan	260.00-65.00	264.00	260.00-58.00
Mch	286.50-87.00	299.00-300.00	299.00-284.0
May	296.50-86.00	305.25-05.40	304.50-281.5
Aug	280.50-81.00	294.75-95.00	293.00-71.00
Oct	271.00-71.60	279.50-70.00	277.00-61.00
Jan	246.00-52.00	256.00-57.00	252.00-49.00
March	246.00-46.00	252.00-52.50	248.00-39.50

Sales: 12,681 (4,928) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £386.50 (£393.50) for export.

International Sugar Agreement (U.S. cents per pound, fob and stowed Caribbean port), prices for Dec. 29: Daily price 29.38 (30.11); 15-day average 28.42 (28.46).

POTATOES

LONDON POTATO FUTURES—The market was still quiet, but April came under further pressure with buyers reserved, and fell over £1. February and November were quietly steady, reports Coley and Harper. Closing prices: Feb. 54.90 −10 (high 55.00, low 54.70); April 68.60 −110 (high 69.50, low 68.50); Nov. 52.00 −30 (high 52.20, low 52.00). Turnover: 30 (23) lots of 40 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 250 tonnes, bringing the total for the week so far to 275 tonnes. More interest was displayed in securing supplies than for some time and operations were on a fair scale. Demand mainly centred on North American and Middle Eastern qualities.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on December 30. GB cattle 81.19p per kg lw (−2.48); UK sheep 153.68p per kg est dcw (−2.03); GB pigs 67.19p per kg lw (−4.70).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 69.0 to 71.8; Eire hindquarters 85.0 to 88.0, forequarters 45.0 to 49.0. Veal: Dutch hinds and ends 98.0 to 104.0. Lamb: English small 68.3 to 75.8, medium 68.8 to 74.0, heavy 65.3 to 72.0. Imported frozen: NZ pl 50.0 to 51.0, PM 46.0 to 47.0. Pork: English, under 100 lbs 44.0 to 49.0, 100-120 lbs 42.0 to 45.0, 120-160 lbs 39.0 to 45.0.

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navelinas 48/54/60 4.50-4.80, 70 3.60-4.00, 80 3.40-3.50, 90 3.40-3.60, 100/110 3.40-3.60, 120/150 3.50-3.80; Moroccan: 56-64 4.20, 75 3.40, 88 3.30, 100/113 3.20; Jaffa: Navels 50/168 4.20-5.00. Egyptian: Beladi 88/125 2.30. Lemons—Spania: Trays 25/54 2.20-2.60; Cyprus: 10 kg 4.00-4.80; Greek: 2.40-2.60; Italian: 100/120 4.50-5.00; S. African: 135/195 3.50-5.00. Grapefruit—Cyprus: 36/42/48/54 3.00-3.30; 20 kg 40/64 3.50-4.50; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 50 4.20, 64 3.75, 75 3.55. Satsumas—Spania: 210/195/189 2.00-2.40, 168 2.50, 144 2.60-2.80, 105 3.00-3.10, 90 3.20, 126 2.70, 154 2.40-2.80. Clementines—Moroccan: 8's 2.80, 5's 3.10, 4's 3.20, 3's 3.40, 2's 3.60, 1's 3.80. Apples—French: Starkcrimson 40 lb 4.00-4.80, 72 2.30, 84 2.00, Golden Delicious 20 lb 72 2.00-2.20, 84 1.60-1.80, 40 lb 125/175 4.00-5.00, Granny Smith 20 lb 72 2.50-2.70, 84 1.90-2.00, Jersey boxes 3.40-4.80; Hungarian: Starking 44 lb 5.50; Canadian: McIntosh Reds approx. 20 lb 70/100 2.40-2.80, Spartans 2.20, Red Delicious 135/150 6.50-7.00; U.S.: 7.00-8.00. Pears—Italian: Per pound Passacrassana 0.14; Dutch: Conference 0.14; French: Comice 0.14-0.16. Peaches—S. African: 25's 3.00. Plums—S. African: Santa Rosa per pound 0.60, Methley 0.25-0.30, Beauty 0.35-0.45. Apricots—S. African: Per pound 0.45. Grapes—Spanish: Almeira 2.00, Polylined 2.30-2.70, Napoleon 2.80-3.00. Strawberries—New Zealand: 8 oz per punnet 1.30. Pineapples—Ivory Coast: Each 0.50-1.00. Bananas—Colombian: Per pound 0.19. Melons—Spanish: Green 7/11 5.00. Avocados—Canary: 6.00, Israeli: 5.50; Florida: 14/20 7.00. Tomatoes—Spanish: 4.20-5.50; Canary: 6.00-6.50. Onions—Spanish: 5.00; Dutch: 2.80. Potatoes—Italian: New crop 20 lb 3.20; Canary: Per pound 0.16. Cabbages—Dutch: White 4.00. Cauliflowers—French: 24's 6.00; Jersey: 24's 6.50. Cucumbers—Canary: 10/16 3.60-4.00; Spanish: 3.30-3.60. Capsicums—Canary: 3.60. Red Capsicums—Canary: 4.50. Chicory—Belgian: Per box 2.40. Celery—Spanish: 9's 2.20, 18/36's 4.50; Israeli: Carmel 20's 5.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 30 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1445/1475	+10	$1470/500
Copper			
Cash w'bar	£782	−6	£889.75
3 mths	£812.25	−6	£855.25
Cash Cathode	£709.5	−7.5	£809
3 mths	£782.25	−7.25	£834.5
Gold troy oz	$580.5	......	$622.5
Lead Cash	£307.75	−5.75	£384
3 mths	£312.25	−5.25	£356.35
Nickel	£3,216*		£3,216*
Freemkt	275/290c	−2.5	285/305c
Platin'm'try oz	£202	......	£202
Freemkt	£241.85	−1.45	£268.15
Quicksilver†	$355/365	−5	$365/380
Silver troy oz	654.60p	−32.9	791.50p
3 mths	679.80p	−33.5	818.50p
Tin Cash	£6,190	−10	£6,180
3 mths	£6,305	−8	£6,309.5
Tungsten 22.04lb	$141.07		$145.28
Wolfrm 22.04 lb	$143/146	+5	$136/139
Zinc Cash	£324.5	−0.5	£340
3 mths	£330.625	−0.675	£352.25
Producers	$825	......	$833
Oils			
Coconut (Phil.)	$620r	......	$630
Groundnut	‡		‡
Linseed Crude	£460		‡
Palm Malayan	$625y	......	$637.5
Seeds			
Copra Philip	$430		$445
Soyabean (U.S.)	$382w	−6	$300
Grains			
Barley Futures	£99.10	+0.40	£100.95
Maize			
French	‡	......	£121.5
Wheat			
No 1 Red Spg.	‡		‡
No2 Hard Wint	£105.75y	−0.50	£109.25
Eng. Milling	‡		‡
Other commodities			
Cocoa ship't	£871	−14	£868
Future Mar.	£896.5	−14	£902.5
Coffee F'Mar.	£1,034.5	−8	£1,018
Cotton A.Index	100.30c		98.55c
Rubber (kilo)	57p	−0.25	63p
Sugar (Raw)	£280	−25	£293
Woolt'ps 64s kl	287p kilo		297p kilo

‡ Unquoted. w Jan. y Feb. v Dec.-Jan. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer. ‡ Per 76-lb flask. * Nominal.

I.G. Index. Tel. 01-622 9192 March Sugar 295.70-297.80
Our clients speculate, free of tax, in very small to very large amounts, on:
1. London Traded commodities including Gold.
2. The STERLING/DOLLAR exchange rate.
I.G. Index Limited, 73, The Chase, SW4 0NP. Telex: 849756

CORAL INDEX: Close 471-476 (+3)

OIL INDEX
Oil Futures
Refined March '81 $44.15
Crude April '83 $42.75

BASE LENDING RATES

A.B.N. Bank	14 %	■ Guinness Mahon	†14 %
Allied Irish Bank	14 %	■ Hambros Bank	14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½%	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Rossminster	14 %
Brit. Bank of Mid. East	14 %	Ryl. Bk. Canada (Ldn.)	14 %
■ Brown Shipley	14 %	Slavenburg's Bank	14 %
Canada Perm't Trust	15 %	E. S. Schwab	14 %
Cayzer Ltd.	14 %	Security Trust Co. Ltd.	15 %
Cedar Holdings	14 %	Standard Chartered	14 %
■ Charterhouse Japhet	14 %	Trade Dev. Bank	14 %
Choulartons	15 %	Trustee Savings Bank	14 %
C. E. Coates	14 %	Twentieth Century Bk.	14 %
Consolidated Credits	14 %	United Bank of Kuwait	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
Corinthian Secs.	14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.

AMERICAN MARKETS

NEW YORK, December 30.

IN LIMITED trading the livestock complex continued its adjustment to the bearish pig crop report with limit or near limit declines. Late selling by commission houses move maize and soyabeans sharply lower. Wheat finished mixed on reports of deficient moisture in the U.S. and possible winter kill damage in China. Trade selling in precious metals and copper broke prices mid-way through the trading day. Sugar recovered from initial losses on trade buying and short covering. Coffee declined sharply on profit-taking while chart selling was responsible for lower cocoa closes. Cotton prices retreated heavily on local selling profit-taking, reported Heinold.

Copper—Jan. 83.25 (84.80), Feb. 84.70 (80.35), March 86.00-86.10, May 88.50-88.90, July 90.30-90.50, Sept. 93.50, Dec. 95.15, Jan. 95.95, March 97.65, May 99.25, July 100.85, Sept. 102.45.

Potatoes (round whites)—March 136.2-137.2 (139.5), April 164.5-165.0 (167.7), Nov. 87.7. Sales: 1,891.

Sugar—No. 11: Jan. 29.30 (29.50), March 29.50-29.60 (29.78), May 29.60, July 29.50-29.55, Sept. 27.80-28.00, Oct. 27.55, Jan. 23.80, March 24.60-24.75, May 24.50-24.80. Sales: 11,235.

Tin—674.0-687.0 (673.0-690.0).

CHICAGO, December 30.

Lard—Chicago loose 22.00 (same).

Live Cattle—Jan. 64.75 (65.17), Feb. 67.30-67.35 (67.80), April 69.77-68.30, June 70.20-70.12, Aug. 70.10-70.15, Oct. 68.82, Dec. 70.00, Feb. —.

Live Hogs—Feb. 47.07 (48.57), April 49.37 (50.87), June 53.52, July 54.62, Aug. 54.27, Oct. 52.65, Dec. 54.35, Feb. 57.00, April 57.00.

‡‡Maize—Mar. 372-372½ (375½), May 378-378¼ (381), July 378, Sept. 370, Dec. 358¾-359, Mar. 368¾.

Pork Bellies—Feb. 56.67 (58.57), March 57.52 (59.52), May 60.05, July 62.75, August 62.48.

Silver—Jan. 1540.0 (1555.0), Feb. 1569.5 (1629.5), April 1613.0, June 1656.0, Aug. 1699.0, Oct. 1742.0, Dec. 1785.0, Feb. 1828.0, April 1871.0, June 1914.0, Aug. 1957.0, Oct. 2000.0, April 2129.0.

†Soyabeans—Jan. 750-759½ (771½), March 792-790½ (803), May 816-818, July 836-837, Aug. 830-832, Sept. 814, Nov. 805-807, Jan. 823.

‖Soyabean Meal—Jan. 222.3-222.0 (222.8), March 232.0-233.5 (237.2), May 240.0-240.5, July 245.5-245.0, Aug. 242.5-243.5, Sept. 239.0-240.0, Oct. 230.0, Dec. 230.5-231.5, Jan. 232.0-234.0, March —.

Soyabean Oil — Jan. 23.65-23.74 (23.88), March 24.65-24.70 (24.85), May 25.40-25.45, July 26.20-26.25, Aug. 26.36, Sept. 26.45, Oct. 26.55, Dec. 26.65, Jan. 26.60, March —.

†Wheat — March 485½-487 (486½), May 494½-495 (493¼), July 478, Sept. 489-489½, Dec. 508, March —.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. ‡‡ $ per metric ton.

Monday's closing prices

NEW YORK, December 29.

††Cocoa—March 2090 (2070), May 2120 (2105), July 2150, Sept. 2190, Dec. 2245, March 295, May —.

Coffee—"C" Contract: March 129.40-129.50 (128.11), May 129.90-130.00 (128.61), July 130.30-130.50, Sept. 131.70, Dec. 132.40, March 129.00-131.00, May 131.40-131.50.

Cotton—No. 2: March 96.00-96.20 (94.96), May 98.77-97.00 (95.70), July 96.00-96.10, Oct. 89.40-89.59, Dec. 85.50-85.65, March 86.40-86.75, May 86.75-87.50. Sales 9,050.

*Gold—Jan. 585.7 (608.5), Feb. 593.5-596.0 (617.0), April 610.0-611.5, June 628.8-629.0, Aug. 647.0, Oct. 660.4, Dec. 676.3, Feb. 692.5, April 708.8, June 724.7, Aug. 740.7, Oct. 756.7. Sales 40,000.

Orange Juice—Jan. 79.80-80.00 (83.95), March 82.75-83.00 (86.85), May 85.30, July 87.85-88.00, Sept. 90.30-90.60, Nov. 91.80-92.10, Jan. 92.90-93.00, March 93.90-94.20, May 94.90-95.40. Sales 1,600.

*Platinum—Jan. 572.5-573.0 (585.0), April 599.0-599.5 (611.0), July 624.0, Oct. 649.0, Jan. 674.0. Sales 1,625.

¶Silver—Jan. 1586.0-1570.0 (1661.0), Feb. 1587.0 (1657.0), March 1612.0-1613.0, May 1657.0, July 1701.5, Sept. 1740.0, Dec. 1811.5, Jan. 1833.0, March 1875.5, May 1916.0, July 1960.5, Sept. 2003.0. Sales: 5,000. Handy and Harman bullion spot 1585.0 (1640.0).

CHICAGO, December 29.

Chicago Imm Gold—Jan. 587.5 (611.5), March 604.0-603.0 (628.2), April 611.5, June 627.5-626.5, July 635.0, Sept. 651.0, Oct. 658.9, Nov. —, Dec. 674.8, Jan. 682.7.

WINNIPEG, December 29.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 276.90 (280.20).

EUROPEAN MARKETS

ROTTERDAM, Dec. 30.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent, Jan. $231, Feb. $231, March $233. U.S. No. 2 Red Winter Jan. $225, Feb. $225, March $225. U.S. No. 2 Northern Spring, 14 per cent, Jan. $237, Feb. $241, March $243, April/May $223, June $225.

Maize—Spot $177, afloat $175, mid-Dec./mid-Jan. $178, Jan. $179, Feb. $183, March $184, April/June $185, July/Sept. $183.25, Oct./Dec. $172, Jan./March $190.

Soyabeans—U.S. No. 2 Yellow Gulfports afloat $312.50, Jan. $316, Feb. $326.25, March $331.50, April $337, May $340.20, June $345.20, July $348.50, Aug. $347, Sept. $340, Oct. $326.25, Nov. $326.25, Dec. $334.25 sellers. Argentine/Paraguay June $339.75, July $340.50 sellers.

Soyameal—44 per cent protein, U.S. afloat $281, Dec. $297, Jan. $293.50, Feb. $291.50 traded. Brazil Pellets afloat $291, Dec. $294, Jan. $296, Feb. $303, March $311, April/Sept. $319.50 sellers.

PARIS, Dec. 30.

Cocoa—(FFr per 100 kg): Dec. 900, March 970, May 970-980, July 975-1,000, Sept. 1,000-1,030, Dec. 1,020-1,050. Sales at call: nil.

Sugar—(FFr per tonne): March 3,250-3,261, May 3,220-3,235, July 3,190-3,230, Aug. 3,200-3,215, Oct. 2,920-2,950, Nov. unquoted, Dec. 2,800-2,820, March 2,780-2,830. Sales at call: 5.

INDICES

FINANCIAL TIMES

Dec. 29	Dec. 24	Month ago	Year ago
263.06	263.19	268.07	301.09

(Base: July 1, 1952=100)

MOODY'S

Dec. 29	Dec. 24	Month ago	Year ago
1239.5	1241.3	1296.4	1299.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 29	Dec. 24	Month ago	Year ago
Spot	406.11	444.14	460.64	419.13
Fut's	468.74	407.06	493.28	423.05

(Average 1924-25-26=100)

REUTERS

Dec. 30	Dec. 29	M'nth ago	Year ago
1719.9	1736.1	1751.2	—

(Base: September 18, 1931=100)

Post-Christmas trade remains at low ebb but leading equities edge higher—Golds fall with bullion price

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 8	Dec. 22	Dec. 23	Jan. 5
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2

* "New time" dealings may take place from 8 am two business days earlier.

The post-Christmas situation in London stock markets underwent little change yesterday with investment interest moderate and often directed towards companies selected by the New Year tipsters. Small institutional support gave cause for an early improvement in leading shares but the movement soon faltered. After an indecisive late-morning spell, most leaders returned to near the day's best, however, and the FT Industrial Ordinary share index closed 2.6 up at 472.6. Oils provided an exception to the firm trend following comment about the likely effects of the proposed changes in Petroleum Revenue Tax relief, but the sector, after opening lower, picked up part of the fall later.

Government securities continued to move lower initially on further sporadic small sales and a lack of genuine investment demand. Reports later that Saudi Arabia was purchasing sterling and the subsequent rise in the rate lent support to Gilts. Most longer-dated stocks reverted by the close to overnight list levels, but short-dated issues remained dull. South African Gold shares extended Monday's late downturn on the lower bullion price and some heavyweight stocks sustained losses ranging to over three points. The FT Gold Mines index dropped 33.2 to 408.1.

Demand for Traded options improved and 683 deals were completed against Monday's 582. BP and ICI attracted 150 and 100 trades respectively.

Investment support in a thin market raised J. Hadland 9 to 217p, but features elsewhere among New Issues were scarce.

Midland dull

With the exception of Midland, which lost 6 to 332p, the major clearing banks held up well despite adverse comment. NatWest hardened 3 to 385p following its decision to cut the annual interest charge on personal loans from 11 to 10 per cent. Barclays closed a few pence better at 435p as did Lloyds, at 335p. Elsewhere, buying interest was shown for selected merchant banks.

In quietly firm Insurances, London United Investments featured with a rise of 8 to 175p. Royals, a dull market recently on the proposed £116.3m rights issue, rallied 5 to 350p. Still reflecting an investment recommendation, Hambro Life put on 4 more to 285p.

Fresh speculative support left Phoenix Timber up 7 more at 121p, while Montague L. Meyer closed the same amount higher at 72p for a similar reason. Leading Building issues to make headway included Blue Circle, 4 to the good at 342p and BPB, up 6 more at 218p. Taylor Woodrow responded afresh to news of the major nuclear power contract with a further rise of 10 to 442p, but Benlox weakened 4 to 38p on the proposed rights issue.

Currys Good

The good start to the post-Christmas sales again prompted modest support for leading Stores. Currys jumped 7 to 276p, while Gussies "A" added 2 to 475p, and Woolworths 1½ to 52p. Harris Queensway, a Press tip for the New Year, rose 2 for a two-day gain of 8 to 184p, but Cornell Dresses remained dull and shed 5 more to 50p. Heelamat, dealt in the Unlisted Securities Market, attracted speculative interest and closed 6 to the good at 91p. Dealings in Samuel Sherman were suspended at 10½p pending re-organisation details.

Reflecting its share in the Heysham nuclear power contract, GEC advanced 10 to 607p. Among other Electrical issues, BICC were supported and put on 6 to 171p.

Engineering leaders to edge a few pence higher included Hawker, up 4 at 252p, and GKN, 2 better at 153p. Elsewhere, Howden Group, interim figures due next week, firmed 3 to 133p. In contrast, Mining Supplies met selling and gave up 5 to 140p along with Anderson Strathclyde which eased 2 to 83p. Ratcliffe Industries held at 67p; the price shown in recent issues was incorrect.

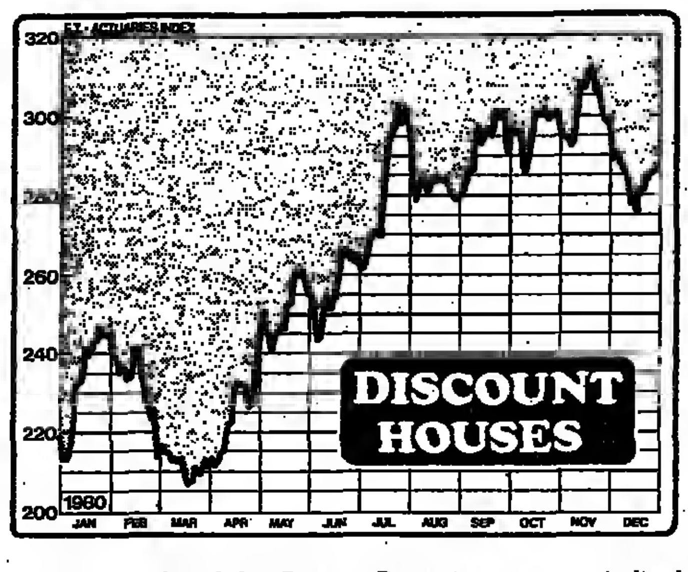
Foods trended firmer, where altered. J. Sainsbury continued to respond to demand in a restricted market and added 5 for a two-day gain of 16 to a 1980 peak of 363p. Sporadic support was noted for Nurdin and Peacock, 10 up at 227p, and for Somportex, 20 higher at 385p.

Brengreen up

Dry cleaning and laundry issues attracted a reasonable interest among miscellaneous industrials. Recently the recipient of a Southend Council cleaning contract, Brengreen were particularly favoured and rose 4 to 43½p, while Pritchard Services put on 2½ to 119½p and Provincial gained 2 to 39p. Elsewhere, Central Manufacturing and Trading hardened a penny to 52p following the Board's strong rejection of Hanson Trust's bid worth around 50p per share; the latter rose 7 to 203p. Still reflecting an investment recommendation, AGB Research gained 15 to 233p in a thin market, while Johnson and Barnes hardened a penny to 7p despite news of the increased interim loss. Roche Plant edged forward 2 to 20p on the announcement that Christy Bros. had sold its 8 per cent stake in the company and Petrocon, at 38p, recorded a Press-inspired gain of 3. Burndene found support at 9p, up 2, while Associated Communications A rose 3 more to 53p pending the sale of its 49 per cent holding in ATV.

Interest in Television issues petered out, though HTV added a penny more to 101p. Elsewhere in Leisure issues, Ladbroke firmed 5 to 243p, while Horizon Travel continued to benefit from reports of good holiday bookings and firmed 3 for a two-day gain of 13 to 142p. Management Agency and Music improved 6 to 176p, while Pleasurama, annual results expected shortly, picked up a similar amount to 180p.

Motors displayed a selectively firm appearance. BL rose 3 to 21p in an extremely limited market, but Group Lotus eased a penny more to 23p on further consideration of the disappointing interim figures. In Distributors, revived bid hopes lifted Caffyns 8 to 126p.



Properties were inclined harder in places but business was thin. Far-Eastern influences prompted a rise of 9 to 123p in Swire, while improvements of 2 and 5 respectively were seen in Carlton Real Estates, 22p, and Rosehaugh, 215p.

Oils above worst

Comment in the Financial Times suggesting that the proposed changes in the Petroleum Revenue Tax will have a major impact on the sector's cash flow prompted a widespread mark down in Oil shares at the opening. Occasional support was, however, forthcoming at the lower levels and final quotations were a few pence above the worst. BP ended 6 off at 416p, after 412p, while Tricentrol finished 8 down at 334p, after 332p. Lasmo fell 30 to 730p and CCP 10 to 260p.

Among Overseas Traders, Paterson Zochonis rose 15 more to 415p. Warren Plantations were quoted at 181p ex-the-rights issue, a rise of 12; the new nil-paid opened at 29p premium and rose steadily to close at 36p premium.

Among Financials, renewed support in a limited market prompted a fresh gain of 20 to 365p in English Association. Still reflecting favourable Press mention, M. and G. Holdings, 260p, and Mercantile House, 535p, both rose 10. Buyers also showed interest in Kellock, 15 to the good at 145p.

Plantations were mixed. Guthrie, 650p, and Castlefield, 440p fell 25 and 10 respectively, but scattered support lifted selected smaller-priced issues among which Singapore Para added 3 to 85p.

Heavy falls in Golds

After having been marked down sharply at the outset, reflecting heavy selling in overnight New York markets, South African Golds continued to lose ground on persistent London selling and closed at the day's lowest.

The overnight U.S. selling was attributed to the weakness of the bullion price, which yesterday closed a further $6 down at $586.5 an ounce. The Gold Mines index dropped 33.2 to 408.1.

Heavyweights showed losses of £3 and more common to Randfontein, £37¼, West Driefontein, £37½, and Western Holdings, £37, while medium and lower-priced issues were featured by Venterspost, 78 down at 556p, Grootvlei, 57 cheaper at 461p and Elsburg which gave up 23 to 220p.

London financials closed marginally easier after light trading, while Platinums were marked down in sympathy with Golds.

Australians were mixed in subdued trading. The Rundle twins were well supported with Central Pacific 20 ahead at 375p and Southern Pacific 10 firmer at 150p.

On the other hand, speculative Golds ran into persistent profit-taking which left Kitchener 40 cheaper at 240p and Allstate 5 lower at 85p.

FINANCIAL TIMES STOCK INDICES

	Dec. 30	Dec. 29	Dec. 24	Dec. 23	Dec. 22	Dec. 19	A year ago
Government Secs.	68.69	68.75	69.06	68.89	69.06	68.58	65.49
Fixed Interest	70.44	70.57	70.75	70.74	70.38	70.07	65.99
Industrial Ord.	472.6	470.0	466.9	466.7	464.0	466.5	417.9
Gold Mines	408.1	441.3	441.3	442.6	441.4	486.0	270.0
Ord. Div. Yield	7.84	7.58	7.68	7.63	7.65	7.83	7.77
Earnings Yld.% (full)	16.87	16.97	17.06	17.06	17.11	17.05	19.33
P/E Ratio (net) (*)	7.26	7.22	7.18	7.19	7.17	7.19	6.37
Total Bargains	16,198	11,230	8,871	16,170	16,070	18,210	14,397
Equity turnover £m.	—	46.87	40.99	102.77	80.08	98.00	42.63
Equity bargains total	—	7,898	4,730	18,716	11,887	10,870	6,900

10 am 469.8. 11 am 472.9. Noon 471.5. 1 pm 472.6.
2 pm 472.9. 3 pm 472.8.
Latest Index 01-246 8026.
*Nil=6.71.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compil'tn High	Since Compil'tn Low
Govt. Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.9 (21/11)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	365.6 (18/5)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 30	Dec. 29
—Daily		
Gilt Edged	74.7	40.3
Industrials	58.6	38.7
Speculative	25.8	15.3
Totals	42.8	23.6
5-day Avrge.		
Gilt Edged	76.1	81.2
Industrials	52.4	53.0
Speculative	24.8	26.8
Totals	39.8	41.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (34)

BRITISH FUNDS (1)
Treas. 3½pc '79-81

FOREIGN BONDS (1)
Japan 6pc '83-88

AMERICANS (1)
Abbott Labs.

BANKS (1)
Ansbacher (H.)

BUILDINGS (1)
Jones (Edward)

ENGINEERING (1)
Howden Group

FOODS (5)
Avana Group, Nurdin & Peacock, Hillards, Sainsbury (J.), Northern Foods

INDUSTRIALS (5)
AGB Research, Hanson Trust, BOC Int., Kennedy Smale, Beecham

LEISURE (2)
Horizon, Pleasurama

NEWSPAPERS (2)
Collins (William), Collins (William) A

PROPERTY (2)
Rosehaugh, Swire Props.

SHIPPING (1)
Reardon Smith

TEXTILES (3)
Dawson Int., Snia Viscosa, Hield Brothers

TRUSTS (3)
Child Health, Mercantile House, M. & G. Holdings

OIL & GAS (2)
Genoa Oil, LASMO 'Ops'

OVERSEAS TRADERS (2)
Paterson Zochonis, Paterson Zoch. A N-V

MINES (1)
Patino N-V

NEW LOWS (12)

AMERICANS (1)
Chrysler

BUILDINGS (1)
Tilbury Contracting

STORES (2)
Northern Goldsmith, Ramar Textiles

ENGINEERING (2)
Serck, Tube Invs.

INDUSTRIALS (3)
Lead Inds., Nu-Swift, Lilleshall

MOTORS (1)
Woodhead (J.)

OIL & GAS (1)
Brabon

MINES (1)
West Rand

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	34	59
Corpns., Doms. and Foreign Bonds	3	12	45
Industrials	265	89	1,039
Financial and Prop.	85	49	361
Oils	10	37	21
Plantations	2	7	15
Mines	18	88	57
Others	27	91	36
Totals	412	407	1,634

EUROPEAN OPTIONS EXCHANGE

Series		March Vol.	March Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
		Jan.		April		July		
ABN C	F.280	3	15	1	20.50	—	—	F.289.60
ABN C	F.300	2	9.10	1	10.50	—	—	"
AKZO C	F.17.80	—	—	—	—	3	1.90	F.17.20
AKZO C	F.20	1	0.10	—	—	—	—	"
AKZO C	F.22.50	—	—	32	0.20	—	—	"
AMRO C	F.55	—	—	1	7.20	—	—	F.60.90
AMRO C	F.60	20	1.80	7	5.80	—	—	"
HEIN C	F.65	6	0.20	—	—	—	—	F.61.90
IBM C	$60	20	8½	—	—	—	—	$68½
IBM C	$70	—	—	2	4⅛	—	—	"
KLM P	F.55	—	—	4	2.50	—	—	F.57.30
KLM P	F.60	5	5	20	4.50	—	5.80	"
NATN C	F.120	12	1.10	14	4	1	1.60	F.117.80
PHIL P	F.15	8	0.40	—	—	18	—	F.14.80
OLIE C	F.180	—	—	10	36.50	—	—	F.209.40
OLIE C	F.190	1	22.50	05	20.50	—	—	"
OLIE C	F.300	10	15	—	—	—	—	"
OLIE C	F.320	77	8.50 B	65	12	24	13.20	"
OLIE C	F.240	267	0.40	154	6.60	15	8.20	"
OLIE C	F.100	5	0.20	—	—	8	—	"
OLIE C	F.180	—	—	20	2.80	—	—	"
OLIE C	F.200	111	0.80	11	6.20	—	11.20	"
OLIE P	F.220	48	10.30	13	12.50	—	—	"
OLIE P	F.240	15	28.50	—	27	—	9.20	"
UNIL C	F.120	—	—	—	—	—	3⅞	F123
XERO C	$70	—	—	—	7⅛	—	—	$60⅞
		Feb.		May		Aug.		
BOEI P	$40	5	8⅛	—	—	—	—	$43⅜
MANN D	DM.140	8	9.50	—	—	—	—	DM125.20
SLY C	$86/00	—	—	40	24	—	—	117⅞

TOTAL VOLUME IN CONTRACTS 1153

A=Asked B=Bid C=Call P=Put

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BP	25p	7	416	− 6	502	320
ICL	25p	7	70	+ 3	196	63
ICI	£1	6	322	+ 2	402	314
Tricentrol	25p	6	334	− 8	428	250
Beecham	25p	5	174	+ 1	174	108
Courtaulds	25p	5	55	− 1	87	49
GEC	25p	5	607	+10	618	326
GKN	£1	5	153	+ 2	279	133
Hanson Trust	25p	5	203	+ 7	203	120
LASMO	25p	5	730	−30	885	337
West Drie.	R1	5	£37½	− 3⅛	£55⅝	£26⅜
Allied Breweries	25p	4	66½	+ 1	89	65½
Assoc. Comms. A	25p	4	53	+ 3	117	45
BOC Int.	25p	4	103	+ 3	103	56
Bass	25p	4	207	+ 1	243	188

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 6	Jan. 16	Apr. 3	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26

For rate indications see end of Share Information Service

Call options were taken out in William Press, Hambro Life, Courtaulds, Suter Deferred, KCA, Elsburg, Premier Oil, Polly Peck, ICI, Lee Cooper, Town and City Properties, Tricentrol, Britannia Arrow, Cons. Gold Fields, ICL, Lonrho, Thomas Borthwick and House of Fraser. Puts were done in FNFC and Britannia Arrow, while doubles were completed in Charterhall, Bowater, BP and Courtaulds.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Dec. 30, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Dec. 29 Index No.	Wed., Dec. 24 Index No.	Tues., Dec. 23 Index No.	Mon., Dec. 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	286.48	+0.9	15.39	5.76	7.98	283.87	282.29	282.54	282.56	213.41
2	Building Materials (27)	244.35	+1.2	19.01	7.06	6.27	241.42	238.81	239.37	238.80	198.19
3	Contracting, Construction (26)	401.25	+0.5	22.74	6.32	5.28	399.08	397.24	396.96	396.79	324.73
4	Electricals (17)	956.44	+1.5	10.22	2.84	12.14	942.50	939.36	939.60	942.60	549.67
5	Engineering Contractors (11)	397.68	—	15.31	6.51	8.35	397.69	394.81	395.84	397.63	287.68
6	Mechanical Engineering (73)	171.17	+0.2	17.31	7.69	7.18	170.91	170.56	170.93	170.86	149.78
8	Metals and Metal Forming (16)	136.59	+0.3	21.17	11.62	5.90	136.18	134.15	133.95	132.53	144.90
	CONSUMER GOODS										
11	(DURABLE) (48)	231.62	+0.2	13.45	5.23	8.94	231.04	230.33	230.13	230.73	190.39
12	Lt. Electronics, Radio, TV (14)	359.35	+0.3	10.45	3.96	11.71	358.33	357.43	357.00	358.48	256.13
13	Household Goods (13)	84.15	+0.6	26.08	9.40	4.82	83.61	83.71	83.71	83.44	116.40
14	Motors and Distributors (21)	92.74	—	22.07	9.10	5.25	92.71	92.14	92.16	91.99	103.62
	CONSUMER GOODS										
21	(NON DURABLES) (172)	237.77	+0.6	16.69	6.73	7.30	236.37	234.67	234.60	234.09	203.74
22	Breweries (14)	263.21	+0.7	15.93	6.97	7.61	261.45	261.61	263.00	262.39	252.84
23	Wines and Spirits (5)	270.24	—	22.84	7.60	5.14	270.24	270.24	271.43	269.06	293.13
24	Entertainment, Catering (16)	348.88	+0.7	16.53	6.33	7.44	346.43	345.66	344.30	344.21	273.46
25	Food Manufacturing (23)	210.74	+0.4	18.72	7.48	6.36	209.95	209.19	209.51	210.78	190.18
26	Food Retailing (14)	461.97	+1.0	10.15	3.36	11.66	457.25	448.96	448.02	444.75	294.08
32	Newspapers, Publishing (12)	424.05	+0.5	23.02	6.92	5.68	421.85	424.99	423.95	424.34	384.20
33	Packaging and Paper (15)	114.00	+0.4	28.33	10.69	4.09	113.49	113.33	112.44	111.39	115.25
34	Stores (44)	247.10	+0.5	12.07	5.09	10.84	245.80	242.75	242.80	240.93	191.17
35	Textiles (21)	123.87	−0.2	20.57	10.74	6.30	124.07	122.26	122.35	122.09	125.57
36	Tobaccos (3)	198.45	+1.4	28.92	11.73	3.93	195.67	195.18	193.69	196.66	198.97
37	Toys and Games (5)	23.17	+0.8	—	5.84	—	22.98	22.80	22.99	23.17	47.59
41	OTHER GROUPS (98)	219.02	+0.6	16.10	7.25	7.41	217.73	216.83	217.30	217.84	187.18
42	Chemicals (15)	296.03	+0.8	17.85	8.24	6.55	293.78	292.47	293.38	295.98	277.71
43	Pharmaceutical Products (7)	258.29	+0.6	10.27	5.52	11.59	256.83	255.56	254.73	253.47	194.03
44	Office Equipment (6)	101.58	+0.3	20.24	8.19	5.78	101.25	101.22	100.84	101.29	103.77
45	Shipping (10)	539.35	−0.1	13.63	6.76	8.96	539.63	538.56	536.89	543.33	424.10
46	Miscellaneous (60)	264.42	+0.6	17.72	7.24	6.88	262.82	261.67	263.41	262.95	218.77
49	INDUSTRIAL GROUP (488)	252.55	+0.7	15.97	6.47	7.60	250.89	249.44	249.58	249.54	207.70
51	Oils (12)	923.78	−1.3	26.00	5.70	4.28	936.03	937.04	937.66	934.32	696.39
59	500 SHARE INDEX	305.61	+0.2	18.33	6.29	6.43	305.04	303.78	303.95	303.65	246.30
61	FINANCIAL GROUP (118)	233.37	+0.7	—	5.70	—	231.77	230.90	230.59	229.86	182.36
62	Banks (6)	246.39	+0.3	41.52	6.92	2.89	245.64	244.46	244.53	243.13	220.33
63	Discount Houses (10)	286.85	+0.4	—	5.99	—	285.78	285.29	284.15	281.82	219.30
64	Hire Purchase (5)	197.04	+1.8	12.34	5.31	10.93	193.65	193.77	196.24	197.97	165.33
65	Insurance (Life) (10)	229.68	+0.9	—	5.74	—	227.61	227.59	227.49	226.60	156.38
66	Insurance (Composite) (9)	146.08	+1.4	—	7.89	—	144.10	144.30	143.84	143.59	121.67
67	Insurance Brokers (9)	318.59	+0.7	14.46	7.27	9.47	316.52	316.03	315.59	313.11	267.55
68	Merchant Banks (13)	146.22	+1.5	—	5.29	—	144.09	143.36	143.51	143.31	89.75
69	Property (45)	441.63	+0.2	3.34	2.78	41.77	440.62	437.41	436.58	436.28	316.73
70	Miscellaneous (11)	168.49	+0.8	16.06	5.89	7.91	167.15	165.59	164.47	163.20	121.39
71	Investment Trusts (109)	281.98	−0.1	—	5.34	—	282.23	282.11	282.69	281.56	192.49
81	Mining Finance (5)	227.95	−1.0	14.39	5.88	8.28	230.24	230.42	229.67	229.67	161.95
91	Overseas Traders (20)	425.66	−0.2	11.85	6.90	10.23	426.69	425.98	423.36	424.95	332.39
99	ALL-SHARE INDEX (750)	290.84	+0.2	—	6.13	—	290.20	289.14	289.16	288.75	229.79

FIXED INTEREST PRICE INDICES

	British Government	Tues., Dec. 30	Day's change %	Mon., Dec. 29	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.90	−0.08	106.99	—	10.38
2	5-15 years	109.13	−0.04	109.17	—	13.18
3	Over 15 years	113.75	−0.04	113.79	—	14.84
4	Irredeemables	126.18	—	126.18	—	14.48
5	All stocks	109.65	−0.05	109.71	—	12.70

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Tues., Dec. 30	Mon., Dec. 29	Year ago (approx.)
1	Low Coupons	5 years	11.96	11.95	11.49
2		15 years	11.96	11.95	12.56
3		25 years	11.96	11.95	12.72
4	Medium Coupons	5 years	13.58	13.53	14.78
5		15 years	13.83	13.83	14.45
6		25 years	13.50	13.49	14.17
7	High Coupons	5 years	13.57	13.52	14.96
8		15 years	14.06	14.04	14.87
9		25 years	13.72	13.71	14.60
10	Irredeemables		11.60	11.60	12.23

		Tues., Dec. 30 Index No.	Tues., Dec. 30 Yield %	Mon. Dec. 29	Wed. Dec. 24	Tues. Dec. 23	Mon. Dec. 22	Friday Dec. 19	Thur. Dec. 18	Wed. Dec. 17	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.96	†13.99	52.97	52.97	52.96	52.89	52.88	52.67	52.88	49.35
16	Investment Trust Prefs. (15)	51.35	13.13	51.35	51.35	51.35	51.35	52.00	52.00	52.00	46.54
17	Coml. and Indl. Prefs. (20)	67.99	15.25	67.95	67.98	67.63	67.63	67.76	67.63	67.63	61.31

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
88	F.P.	6/2	336	318	✠Amer. Comm. Inds.	318	.....	—	—	—	—
$100	F.P.	6/2	£41½	£40	✠Do. Notes 20%	£40	−½	Q20%	—	20.8	—
610	F.P.	—	610	600	✠Cramphorn	610	+10	16.5	2.1	3.9	17.7
303	F.P.	31/1	432	370	✠Dunbar Group £1	428	.....	b6.2	4.4	2.1	15.5
§120	F.P.	5/2	220	152	✠Hadland J.	217	+5	u2.58	3.8	1.7	20.0
107½	F.P.	12/1	134	113	Independent Inv. 50p	126	−1	—	—	—	—
70	F.P.	9/1	99	78	✠Midland Marts	93	.....	b3.75	9.0	5.8	12.4
100	F.P.	23/1	106	97	New Tokyo Inv Tst 50p	106	+1	—	—	—	—
50	F.P.	—	51	47	††Pennine	47	.....	—	—	—	—
§26	F.P.	—	44	37	Phoenix Mining 25p	44	+2	—	—	—	—
§125	F.P.	12/12	333	155	✠Scan Data	230	−5	u9.0	2.5	1.2	48.6
148	F.P.	12/12	172	132	✠Thames Inv. & Secs.	136	.....	u5.18	1.2	5.4	21.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	Nil	—	11pm	10pm	Allied London 8½% Cnv. Uns. Ln. 1999	11pm	+1
‡	F.P.	20/18	102½	98½	Bell (Arthur) 9½% Cnv. Uns. Ln. 99-2001	98¼	.....
‡	F.P.	26/2	107¾	106½	Chester Waterworks 9% Red. Pref. 1985	106½	.....
100p	F.P.	28/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	104	.....
•	F.P.	26/2	107¾	106½	East Anglian Water 9% Red. Pref. 1985	107	.....
•	F.O.	—	107½	106¾	East Worcester 9% Red. Pref. 1985	107	.....
‖	Nil	6/1	3pm	2pm	✠Energy Finance 8% Cnv. Uns. Ln. '85-2000	3pm	.....
‡	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	.....
£100	£50	30/4	45	44	Lon. Merchant Secs. 7½% Cv Uns Ln 2000-05	45	+½
99	F.P.	23/3	100	98¾	Mid-Sussex W'r'w'ks 14% Red. Deb. '86-88	100	+½
‡	F.P.	—	32	20½	S. Rhodesia 4½% '87-92 Asstd.	30	.....
••	F.P.	31/1	100p	98	Standard Industrial 11½% Pref	98	−1
‡	F.P.	—	336	268	Zimbabwe settlement annuity Reg.	336	+5

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
30	Nil	6/1	25/1	4½pm	2pm	Bremar Trust	4pm	.....
115	Nil	12/1	26/2	86pm	22pm	Brotherhood P.	86pm	−½
75	F.P.	22/12	31/1	83	79	E. Midland Allied Press A	81	+1
A$1.5	F.P.	24/11	16/12	90	55	ElderSmith GoldbroughM'rt	90	.....

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins | DM37.14 | 40.59 | +0.30 | —
Frankf. Effekt. Fd. | DM49.75 | 52.37 | ..... | —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 28 | US$152.93 | — | —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'A' Units | US$1.75 | 1.81 | ..... | 1.51
Anchor Gilt Edge | £9.46 | 9.52 | −0.05 | 13.34
Anchor Int. Fd. | US$8.55 | 8.77 | ..... | 1.51
Anchor In. Jsy. Tst | 38.6 | 41.2 | ..... | 2.94
Berry Pac Fd. | US$57.62 | ..... | 0.95
Berry Pac Strlg. | £3.01 | 3.1512 | ..... | 1.32
G.T. Asia Fd. | HK$18.92 | ..... | 1.60
G.T. Asia Sterling | £24.14 | 25.13 | ..... | 1.66
G.T. Australia Fd. | A$39.34 | 41.68 | ..... | 0.84
G.T. Bond Fund | US$12.91 | +0.17 | 9.68
G.T. Dollar Fd. | US$13.78 | +0.17 | 1.09
G.T. Dlr. (Strlg.) Fd. | £14.43 | 15.03 | −0.04 | 1.04
G.T. Invest. Fd. | US$17.49 | +0.01 | 0.57
G.T. Japan Small Cos. | US$15.29 | +0.84 | —
Marianne (STG) Fd. | £11.06 | 11.66 | ..... | 3.12
G.T. Technology Fd. | US$23.37 | ..... | —
G.T. Pacific Fd. | US$15.08 | −0.01 | 2.35
G.T. Asean Growth Fd. | US$10.08 | 10.82 | +0.66 | 0.49

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) | 91.0 | 96.0 | ..... | 12.75
Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. | US$13.302 | 14.319 | ..... | —
HK & Pac. U. Tst. | HK$6.351 | 6.836 | ..... | 2.60
Japan Fd. | US$20.344 | 21.873 | ..... | 0.60
N. American Tst. | US$23.654 | 25.413 | ..... | 1.00
Intl. Bond Fund | US$11.800 | 12.431 | ..... | 9.30
Gartmore Fund Managers (IoM) (a)
P.O. Box 32, Douglas, IoM. 0624 23911
Gartmore Intl. Inc. | 21.1 | 22.4 | ..... | 13.70
Gartmore Intl. Grth. | 141.7 | 150.8 | ..... | 0.50

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. | £100.00 | ..... | —

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund | $19.98 | 20.74 | ..... | 10.10
Prices at Dec. 17. Next dealing Jan. 29.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East Dec. 24 | HK$22.69 | 23.90 | ..... | —
Japan Fund Dec. 29 | US$9.60 | 10.08 | ..... | —

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
Capital Reserve Fd. | £12.54 | 12.56 | +0.02 | 0.22
C.I. Fund | 191.3 | 203.7 | +1.2 | 3.89
Special Sits. Fund | 62.7 | 64.7 | −0.4 | 2.70
Intnl. Bond | US$107.42 | 110.74 | +0.59 | 8.38
Int. Equity | US$17.36 | 17.90 | +0.17 | 0.84
Int. Svgs. 'A' $US | 1.22 | 1.26 | +0.01 | —
Int. Svgs. 'B' | 1.79 | 1.85 | +0.03 | —
Prices on Dec. 31. Next dealing Jan. 7.
†Excludes initial charge on small orders.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) | 133.6 | 140.6 | +0.8 | —

Henderson Baring Group
801, Gloucester. 11, Pedder, Hong Kong
Japan Fd. Dec. 24 | US$26.43 | 27.78 | ..... | —
Japan Tech. Dec. 22 | US$15.905 | ..... | —
Malay Singp. Dec. 23 | 15.293 | ..... | —
Pacific Fd. Dec. 24 | US$17.898 | ..... | —
Bond Fd. Dec. 29 | US$10.625 | +0.149 | 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd. † | £9.83 | 9.93 | ..... | 13.20
*Inclusive of Preliminary charge. †Weekly dealings.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 187.3 | 200.4 | +2.7 | 3.32

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381.
HS Channel Is. Fd. | 142.2 | 150.5 | ..... | 3.00
H.S. Fixed Int. Fd. | 95.8 | 100.0 | ..... | 12.00
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. | US$24.49 | 25.47 | −0.08 | —
CSF Fd. (Acc.) | SF17.84 | 18.22 | −0.06 | —
Crossbow Fd | SF5.78 | 5.89 | −0.01 | —
ITF Fd. (Acc.) | US$13.96 | 14.22 | −0.03 | —

N.V. Interbeheer
P.O. Box 52b, Delft, Holland
Esmeralda (Iss. Price) | DF62.21 | +0.23 | 1.61

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. | A$3.54 | 3.64 | ..... | 3.72

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine J'pn. Fd. | Y1,976 | ..... | 0.8
J.F. Japan Small Co. | Y11,151 | ..... | —
Jardine Estn. Tst. | HK$809.77 | ..... | 1.20
Intl. Pac. Secs. (Inc.) | HK$23.08 | ..... | 0.8
Do. (Accum.) | HK$23.93 | ..... |

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. | 84.9 | 90.3 | ..... | 5.52
Do. Accum. | 114.9 | 122.2 | ..... | 5.52
K.B. Eurobond Fd | £9.04 | 9.14 | ..... | 9.33
K.B. Far East Fd. | US$24.71 | ..... | 1.62
K.B. Gilt Fund | £10.08 | 10.15 | ..... | 12.49

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.**‡ | DM9.04 | 9.54 | ..... | 5.77
Dlr. Fxd. Int.**‡ | US$7.88 | 8.37 | ..... | 8.96
St. Fixed***‡ | 102.4 | 108.3 | ..... | 12.93

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Ts.	59.4	63.9	−1.1	2.27
Abbey Capital	43.9	47.5	+0.3	5.16
Abbey General	54.5	58.9	+0.3	5.21
Abbey Gilt & F.I. Tst.	105.0	110.5xd	−0.2	11.86
Abbey Income	32.5	35.1	−0.2	10.09
Abbey W'Wide Bd Tst.	92.3	97.7	−0.5	6.86
Abbey Inv. Tst. Fd.	48.4	52.3	.....	4.86
Equitas Prog. Tst.	78.3	84.6	−0.8	5.09

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	88.5	93.1	−0.2	12.89

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	85.3	91.3	+0.2	6.32
Brit. Inds. Fund	73.6	78.5	+0.3	6.78
Growth & Income	48.9	52.3	+0.2	5.32
Elect. & Ind. Dev.	42.3	45.3	+0.1	5.52
Allied Capital	91.7	98.1	+0.3	4.49
Hambro Fund	125.7	134.5xd	+0.4	6.43
Hambro Acc. Fund	174.7	186.9	+0.7	4.87
Income Funds				
High Yield Fd.	61.9	66.2	+0.3	9.44
High Income	74.8	80.0	+0.3	7.94
A. H. Eq. Inc.	43.7	46.8	+0.1	7.82
Govt. Secs.	25.1	25.8	−0.1	11.90
International Funds				
International	34.6	37.0	−0.3	2.68
Pacific Fund	61.2	66.0xd	+0.6	1.85

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BO. 01-248 4984

High Income	33.9	37.1	.....	12.13
North American	60.3	65.2	−0.8	2.64
Canadian Exempt*	64.3	68.0	+1.1	3.44
Canadian Trust	65.7	71.0	−0.3	2.51
Mid Mount High Inc.*	47.0	49.8	+0.1	9.69
Recovery	53.9	58.8	+0.5	7.33
Gilt Trust	42.7	44.7xd	.....	12.94

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	40.3	43.5	−0.7	0.86
Cres. Internat'l.	74.9	80.8	−0.2	1.78
Cres. High. Dist.	39.9	43.0	+0.4	11.34
Cres. Reserves	49.1	53.0	+0.2	5.42
Cres. Tokyo	28.9	31.2	+0.5	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.4	.....	10.01

Discretionary Unit Fund Managers
36/38 New Broad St. EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 23	216.7	231.2	.....	5.72

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.2	.....	8.75
Gt. Winchester O'seas	25.8	28.4	.....	3.90

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	88.4	95.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	85.7	90.2	+0.1	4.76

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American (z)	32.5	35.2	−0.1	0.81
Amer. Spec. Sits. (z)	25.5	26.9	.....	0.90
Gilt + Fixed Int.	25.0	27.4	.....	12.25

M & G Group
Three Quays, Tower Hill, EC3R 6BQ.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98[illegible]	90¾	Treasury 3½pc 1979-81	98[illegible]	+[illegible]	3.54	12.78
90[illegible]	93⅝	Treasury 9¾pc 1981‡‡	98[illegible]	−[illegible]	9.86	14.14
97[illegible]	91¼	Exch. 8¼pc 1981	97[illegible]	−[illegible]	8.45	14.01
97[illegible]	92¼	Exch. 9¾pc 1981	97¼xd	−[illegible]	9.71	13.80
94	85½	Exch. 3pc 1981	93½	.....	3.20	13.89
99[illegible]	96½	Treas. Variable '81‡‡	99¼	−[illegible]	13.72	14.38
100[illegible]	95[illegible]	Exch. 12¾pc 1981‡‡	99[illegible]	−[illegible]	12.77	12.91
95¾	88½	Treas. 8½pc '80-82‡‡	95[illegible]xd	−[illegible]	8.88	13.17
92¾	82½	Treasury 3pc '82‡‡	91¾	.....	3.27	10.94
102[illegible]	96[illegible]	Treasury 14pc '82‡‡	100[illegible]	−[illegible]	13.88	13.20
98¼	94¼	Treas. Variable '82‡‡	98[illegible]	.....	13.70	14.52
93[illegible]	86[illegible]	Treasury 8¼pc '82	93[illegible]xd	.....	8.81	13.07
94	86⅝	Exch. 9¼pc 1982	93[illegible]	−[illegible]	9.87	13.46
93[illegible]	85	Exch. 8¾pc 1983	92[illegible]xd	−[illegible]	9.47	13.19
84[illegible]	76½	Exch. 3pc 1983	84[illegible]	.....	5.54	11.25
84[illegible]	82	Exch. 3pc 1983 A	84[illegible]	.....	3.56	11.40
98[illegible]	90[illegible]	Treasury 12pc 1983‡‡	97[illegible]	−[illegible]	12.34	13.49
96[illegible]	90[illegible]	Treas. Variable '83‡‡	96[illegible]	.....	13.97	15.14
93[illegible]	84½	Treasury 9½pc '83	92[illegible]xd	−[illegible]	10.04	13.05
102[illegible]	94¼	Exch. 13½pc '83	100[illegible]	−[illegible]	13.44	13.28
93[illegible]	84½	Exch. 10pc 1983	92[illegible]	−[illegible]	10.84	13.28
84¼	76½	Funding 5½pc '82-84‡‡	84[illegible]xd	.....	6.50	11.71
97[illegible]	87[illegible]	Exch. 11¼pc 1984	94[illegible]	−[illegible]	11.88	13.38
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
92¼	82¼	Aust. 5½pc '81-82	92	.....	6.07	13.98
85¼	72½	Do. 6pc 1981-83	83½	.....	7.22	13.19
67¾	58	N.Z. 7¼pc 1988-92	63¼xd	.....	11.35	13.55
82½	72	Do. 7½pc '83-86	78¼xd	.....	9.62	13.50
96¼	89	Sth Africa 9½pc '79-81	96½	.....	10.01	16.05
160	95	S. Rhod. 2½pc Non-Ass.	113	.....	—	—
49	31	Do. 3½pc 80-85 Assd.	47	−2	7.39	22.90
32	20½	Do. 4½pc 87-92 Assd.	30	−2	15.00	22.30

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	63¾	−¼	0.16	12.53
84	73½	Alcan 10½pc '89-94	77xd	+½	13.63	14.50
30	25	Met. Wtr. 3pc 'B'	29	.....	10.71	12.89
104½	89	U.S.M.C. 9pc 1982	93½xd	.....	9.13	—
93	85½	Do. without Warnts.	92½xd	.....	9.72	12.05

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	93½	FFI 14pc '83	100	−¼	14.00	13.98
90½	79½	FFI(UK Fe)5-pcDb. '80-2	90	.....	6.11	13.40
82½	71½	Do. 6¼pcDb. '81-84	80	.....	7.90	13.15
93	80½	Do. 10½pc Uns.Ln. '86	86½xd	.....	12.13	14.30
92½	77	Do. 11pc Uns.Ln. '88	87½xd	.....	12.57	13.40
96	82	Do. 11½pc Uns.Ln. '90	87xd	.....	13.50	14.35
101	84½	Do. 12¾pc Un. Ln. 1992	93	.....	13.94	14.40
67	56	Do. 7¼pcADeb. '89-92	61xd	.....	11.88	14.05
66½	51½	Do. 7½pcADeb. '91-94	61	.....	12.33	14.15
76½	64½	Do. 9pc 'A' '91-94	71½	.....	13.08	14.25
71½	61	Do. 8¾pcLn. '92-97	69	.....	13.56	14.25

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	62½	.....	—	—
55	50	Do. 5pc Pref.	55	.....	—	—
98	98	Chilean Mixed	98	.....	3	f3.10
58	18	Chinese 4½pc 1898	20	.....	—	—
45	17	Do. 5pc 1912	18	.....	—	—
24	11	Do. 5pc 1913	12	.....	—	—
24	11	Do. 5pc '25 Boxer	17	.....	—	—
97	88½	Denmark 13pc 2005	90½xd	−¼	13	14.45
36	28½	Greek 7pc Ass.	36	.....	3½	19.90
[illegible]						

AMERICANS

[illegible]

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Yld Gr's
[illegible]							
10½	570p	Hawker Sid. Can	755p	+10	96c	—	4.5
22¾	12¼	Hollinger $5	16½	.....	$2.20	—	4.7
11½	815p	Hudson's Bay	890pxd	−10	$1.20	—	4.8
14¾	765p	Hud.B.Oil G. $2½	870p	−30	57.5c	—	2.5
21¾	11⅛	Imperial Oil	12	−¼	$1.40	—	4.1
14	770p	Inco	835p	−20	US$[illegible]	—	3.6
565p	425p	Int. Nat. Gas $1	505p	−15	$1.00	—	6.9
495p	145p	Massey Ferg.	255p	−5	—	—	—
200p	97p	Place Gas $1	120p	.....	—	—	—
14½	10½	Rio Algom	12½	−¼	$1.50	—	4.2
21¾	14¼	Royal Bk.Can. $2	20[illegible]	+[illegible]	$2.72	—	4.6
27½	15⅞	Seagram Co. C$1	25	−¼	US$[illegible]	—	2.3
15½	890p	Tor. Dom. Bk. $1	11[illegible]xd	+[illegible]	$1.52	—	4.5
10½	750p	Trans Can. Pipe	790p	+10	$1.16	—	5.2

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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Diamond and Platinum

Central African

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	−5	—	—	—
97	43	Barymin	53	.....	—	—	—
17	12	Burma Mines 10p	15	.....	0.62	1.1	6.0
445	53	Colby Res. Corp.	265	−15	—	—	—
502	240	Cons. Murch. 10c.	250	.....	†Q30c	1.8	6.9
180	80	††Hemerdon 10c.	85	.....	—	—	—
225	36	Highwood Res.	165	−5	—	—	—
585	325	Northgate C$1	360	−10	—	—	—
*486	322	R.T.Z.	405	−2	t16.0	3.2	5.6
£115	£101	Do.9%Cn.Ln.95-2000	£101	.....	Q9½%	—	f8.7
136	91	††SPO Minerals 10p	136	.....	—	—	—
58	26	Sabina Inds. C$1	40	−2	—	—	—
51	31	††SWCM 10p	34	.....	—	—	—
650	411	Tara Expln. $1	490	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable, bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ∅ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- 1 Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ** Regional price.
- II No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. H Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	39	.....	Conv. 9% '80/82	£93⅝	.....
Bertam	12	.....	Nat. 9¾% 84/89	£79⅝	.....
Bdg'wtr. Est. 50p	515	.....	Fin. 13% 97/02	£86⅝	−⅛
Craig & Rose £1	£11	.....	Alliance Gas	52	.....
File Forge	39	.....	Arnott	205	.....
Finlay Pkg. 5p	21	.....	Carroll (P.J.)	75xd	.....
Graig Ship. £1	£19	.....	Concrete Prods.	65	.....
Higsons Brew	67	.....	Heiton (Hldgs.)	33	.....
Holt (Jos) 25p	315	.....	Ins. Corp.	320	.....
I.O.M. Stm. £1	162	.....	Irish Ropes	32xd	.....
Pearce (C. H.)	635	.....	Jacob	34	.....
Peel Mills	57	.....	T.M.G.	26	.....
Sheff. Refrsmt	92	.....	Unidare	82	.....
Sindall (Wm.)	141	.....			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	4	"Imps"	7½	Vickers	15
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	12	Inveresk	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	8
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	10	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	22	"Lots"	4	Peachey	17
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	8	Lucas Inds.	20	Town & City	3
Burton	10	"Mams"	18	**Oils**	
Cadburys	6	Mrks. & Spncr.	9	Brit. Petroleum	50
Courtaulds	6½	Midland Bank	32	Burmah Oil	20
Debenhams	8	N.E.I.	7	Charterhall	13
Distillers	17	Nat. West. Bank	32	KCA	22
Dunlop	7½	P & O Dfd.	12	Premier	14
Eagle Star	24	Plessey	25	Shell	45
F.N.F.C.	4	Racal Elect.	35	Tricentrol	40
Gen. Accident	32	R.H.M.	4	Ultramar	50
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	10	Charter Cons.	30
Grand Met.	14	Sears	5	Cons. Gold	55
G.U.S. 'A'	48	Tesco	5½	Lonrho	10
Guardian	32	Thorn	24	Rio T. Zinc	45
G.K.N.	16	Trust Houses	18		
Hawker Sidd.	20	Tube Invest.	21		
House of Fraser	15	Unilever	50		
		U.D.T.	5		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 20

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FINANCIAL TIMES

Wednesday December 31 1980

Iran will still talk on hostages

BY TERRY POVEY IN TEHRAN

IRAN said yesterday that Algerian intermediaries could seek alternative guarantees from the United States for the release of the 52 American hostages.

The comments by Mr. Behzad Nabavi, head of the Iranian team negotiating the fate of the hostages, indicated there was still room to talk despite Iran's claim before Christmas that a £10bn guarantee for the release was its final demand.

Mr. Nabavi said that "if the U.S. can suggest another proposal which ensures a guarantee acceptable to the Algerian Government, it is acceptable to us. However, we by no means trust the promises of the U.S. Government."

Mr. Nabavi explained that Iran had given the U.S. two choices: either to pay over immediately $24bn in cash, gold and cash guarantees and then the 52 U.S. hostages would be freed, or to pay what was undisputedly Iran's and settle the outstanding matters through arbitration or the courts before the hostages would be freed.

Diplomats in Tehran say the second alternative appears at least to hold out the hope of continuing negotiations with Algerians playing an enhanced role. Mr. Nabavi conceded that the U.S. proposals made in early December were "virtually acceptable and for this reason we proposed methods of implementing them. We consider all the undertakings acceptable within the conditions set by the Parliament."

In December President Carter accepted, in principle, that the U.S. would not interfere in Iranian affairs, would unfreeze Iranian assets, drop all legal claims against Iran and return the wealth of the late Shah and his close relatives.

On the possibility of a phased release, Mr. Nabavi said that this could be considered, although it was not mentioned in the original Parliament's decision on the terms.

Mr. Nabavi said that the hostages were under government control, rather than that of the militant students or revolutionary guards. Swiss Embassy officials, who have sought to exercise their prerogative to visit the hostages as protecting power for U.S. interests and citizens in Iran, were unable to visit the hostages for security reasons, he said. Swiss officials are said to have been told previously that such a visit could not be made because the hostages were not under government control.

President Abolhassan Bani-Sadr said yesterday he did not intend to present himself before the National Parliament to explain why he had not approved of any of the proposed foreign ministers put forward to him by Prime Minister Mohammed Ali Rajai. In a move that will be seen by his opponents as intensifying political infighting, Mr. Bani-Sadr said: "It is the Prime Minister who must explain to the Parliament why he has not proposed ministers acceptable to me."

AP reports from Washington: President Carter considers it highly "unlikely" that Iran will agree to release the 52 American hostages before he leaves office. White House press secretary Jody Powell said yesterday.

Unions to fight BL on Metro jobs plan

By Philip Bassett, Labour Staff

BL union leaders made it clear yesterday that they would treat as blacklegging any attempt by the company to bring in alternative labour to restart production of the Mini Metro and Mini cars, which has been halted by a 12-day-old strike of 1,500 workers at its Longbridge plant.

Despite the unions' reactions, the company is determined to press ahead with its plans if the strikers do not respond to warnings that they will be dismissed if they do not report for work on Monday.

BL will switch workers from other parts of the company, in particular the Allegro line. As a last resort it is ready to bring in outside labour to operate the lines stopped by the strike, which is over the dismissal of eight workers after alleged disturbances at the Birmingham plant last month.

The company rejected union leaders' assertions that the plan would be blacklegging. It pointed out that its recent agreement on working practices included a provision for greater mobility of labour.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, which has not given the strike official support, said that any such action by the company would be seen by the unions as blacklegging. He was supported by Mr. Moss Evans, general secretary of the Transport and General Workers' Union, who said the company did not seem to appreciate that the TGWU had now made the dispute official.

He doubted whether workers on the Allegro or other production lines would be prepared to "accept a company dictat" to "blackleg on a colleague who was out on strike in support of shop stewards."

Mr. Grenville Hawley, TGWU national automotive secretary, said: "We would not condone our members moving from one section to another, or the company recruiting labour to quite deliberately provoke the situation."

The company will decide on how or whether to begin switching workers after the deadline set for Monday and in particular the outcome of a mass meeting of the strikers on Sunday.

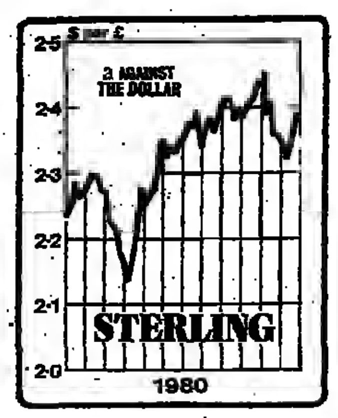
However, some union officials have already discussed the possibility of picketing the Longbridge plant.

Editorial Comment, Page 12

THE LEX COLUMN

Year-end kicker from sterling

Index rose 2.6 to 472.6



To the frustration of those finance directors whose companies close their book today, sterling has been performing its usual trick of strengthening just before the year end. In the last few years it has repeatedly done this, and it may be that the effect has something to do with the seasonal tightness anticipated in the London money markets during the January tax-paying season.

For most British companies, the dollar is the most important currency when it comes to consolidation of overseas subsidiaries, and at least here there is a crumb of comfort. The pound has risen by less than 8 per cent against the dollar in 1980, compared with a rise of more like 12 per cent against the trade-weighted basket of currencies.

The really dramatic changes, however, have been seen in the pound's relationship with continental European currencies. Thus sterling has appreciated by 20.8 per cent against the French franc, and by 21.5 per cent against the DeutscheMark, which will hardly please companies like Unilever or GKN.

Stock Relief

Today is the closing date for submissions to the Inland Revenue in response to the Green Paper on stock relief published some seven weeks ago. Already it is clear that the Revenue has been receiving quite a lively postbag from a variety of sources. The accounting bodies are worried because the Revenue is largely ignoring current cost accounting, while GEC's trenchant paper complains among other things about the decision to treat trade debtors differently from stocks, and about the problems likely to be encountered by individual subsidiaries because the credit restriction is to be computed on a group basis.

Few points have created more controversy, however, than the Revenue's assertion in the Green Paper that manufacturing industry will gain from the changes, compared with non-manufacturers. For 1979 the cost to the Exchequer of stock relief was estimated at some £2bn, of which 45 per cent went to manufacturers. Not only will the new scheme be significantly more generous, the Revenue claims, but relief to manufacturers will rise to "something in the region of 50 per cent."

Many industrialists see it differently. This week's annual report from Associated Engineering, for instance, claims that due to the impact of the credit restriction (or gearing adjustment) the company will be worse off under the new deal. Several firms of stockbrokers, too, have concluded that the new scheme will still be highly generous to retailers.

The Revenue's claims are apparently based on its computer model of the company sector. The calculation is bound to rest partly on detailed assumptions about questions like the rate of change of stocks. The Revenue makes the point, however, that it is important to look at individual companies as well as at sector aggregates: in any year there is a great churning of stock levels, with some companies raising them and others cutting back, so under the old system there was always likely to be a significant yield from clawback in any year.

Moreover the old scheme was very wasteful, with many companies entitled to tax relief which could not be used. Only some 38 per cent of companies are actually paying mainstream corporation tax, and something like £10bn of overhanging stock relief is being carried forward. It is argued that the new scheme will benefit more businesses, and therefore that more of the relief will be usable.

But grateful though the finance director of a highly borrowed manufacturing company will be for the abolition of clawback, he is likely to be far from happy at the prospect of the application of the credit restriction in year two of the new scheme.

RHM

Ranks Hovis McDougall's annual report gives some idea of the balance sheet benefits which will flow from its recent disposal of Wessex Finance and there must still be plenty of room to sell off other low-returning assets to repay expensive bank debt.

Wessex has been sold for £9.6m, which will involve RHM in a write-off of £½m or so in the 1980-81 accounts. But this is insignificant beside the cash received and the effect of deconsolidating Wessex's borrowings. These will reduce RHM's net debt by nearly £35m from the £146m shown in the August balance sheet, and there is a further £20.5m benefit from the sale of the group's old head office building (a sum which was still under debtors on the balance sheet date).

Of RHM's total debt—which is seasonally low in August since the group's wheat stocks are run down—roughly £80m is at fixed rates averaging 8 per cent and not maturing in the immediate future. This year should see interest savings on around £50m of floating rate borrowings to set against the absence of Wessex's £4m trading profit. At the pre-tax level, Wessex was showing a small positive return which translated into a £½m loss after taking into account interest on the £4.6m of interest free loans supplied by the parent.

Elsewhere in the annual report there is less to celebrate. The innocent-looking £3.6m extraordinary debit announced with the preliminary figure turns out to disguise nearly £16m of closure and reorganisation costs (equivalent to half pre-tax profits), offset by tax relief and the surplus on the head office disposal. And RHM obstinately refuses to give any sort of segmental breakdown of its activities by line of business.

Arthur Bell

All the signs are that there will be a heavy short-fall in applications to take up Arthur Bell's £14m rights issue when the figures are announced this morning. The issue—in the form of a 9¼ per cent convertible—was finely pitched on a premium of 13 per cent to the underlying shares in early December. Since then the news about the whisky industry has been gloomy and, with a general fall in the market, Bell's share price has come off 18p to 158p.

So the convertible is now standing slightly below par in nil paid form, and the sub underwriters are likely to find themselves earning their commissions. Institutions finding themselves over-weight in Bell stock may well choose to retain the convertible for its yield at the expense of the ordinary equity. The shares could be set for a period of sluggish performance.

North Sea gas system estimate now £2bn

By Sue Cameron, Chemicals Correspondent

THE HUGE gas-gathering system being planned for the North Sea is expected to cost far more than originally estimated, roughly £2bn instead of the £1.1bn forecast earlier this year.

Sir Denis Rooke, chairman of the British Gas Corporation and of the special committee set up by the Government to organise financing and construction of the pipeline, has written to 15 large oil and chemical companies telling them of the £2bn estimate.

The 15 companies are all potential producers or users of the gases. The letter invites them to a series of meetings to discuss putting up the first £700m for the pipeline.

It is understood that some of the oil companies will meet the organising committee next week to talk about funding the gas-gathering project.

Inflation expected up to completion of the five-year project is thought to account for the extra £900m which Sir Denis and the organising committee have added to the cost.

The £1.1bn estimate was based on prices in January 1980 after a feasibility study by British Gas and the U.S. Mobil company.

Six months ago the Government gave the official go-ahead. Earlier this month it announced that an interim company would be set up to build the offshore line.

A permanent pipeline company is expected toward the end of 1982, after most contracts for gas through the line have been agreed.

The organising committee, which includes representatives of Mobil and British Petroleum as well as British Gas, is thought to have agreed that it will be impossible to establish a pipeline company along the lines envisaged by the Government, at least in the initial stages of the project.

The Government said in June that it expected British Gas to take an equity stake of about 30 per cent in the pipeline company, with North Sea producers taking about 25 per cent and the rest going to users of the gases, mainly chemical companies, plus financial institutions and members of the public.

But Sir Denis's letter to the 15 oil and chemical companies is thought to say that it will be "difficult" to allow financial institutions or the general public to become shareholders in the pipeline company until "some or most of the project's main technical and commercial risks" have been overcome.

The organising committee is believed to have decided that only groups with "an economic interest in the success of the project" should be members of the proposed interim company.

This company will thus be formed by British Gas, the oil companies producing the gases, and the chemical companies wanting to use the gases as raw materials for petrochemicals.

The letter is believed to outline two possible ways of raising the initial £700m to finance the interim company:

- Loans to total £200m raised from the pipeline company shareholders—the oil and chemical companies—and loans of £500m from financial institutions.
- The full £700m to be raised by way of financial institutions, with the proviso that the oil and chemical companies put in a further £300m if this is needed before a permanent pipeline company is formed.

It is thought the organising committee wants subscription to the interim company taken into account when equity is allocated in the final company.

The pipeline will be one of the most ambitious North Sea projects undertaken.

The Government hopes it will be built by late 1984 or early 1985, but some industry experts believe this target is over-optimistic.

The methane gas will be fed into the British Gas system

Printing federation officers should resign says report

BY ALAN PIKE

THE COUNCIL of the British Printing Industries Federation will next month consider a report which calls for the resignation of most of its officers and makes far-reaching criticisms of the way in which the organisation is run. The independent report says the federation can only survive if it makes radical changes.

Leaders of the BPIF — a prominent employers' association which operates as an industrial relations and trade organisation for more than 3,000 printing companies — set up the inquiry as a result of deep internal divisions during a pay dispute with the National Graphical Association last year.

National bargaining with the NGA collapsed after some companies failed to support the BPIF strategy for fighting the dispute, while others took business from those that did.

The inquiry—under the chairmanship of Lord McGregor, Professor of Social Institutions at London University and former chairman of the Royal Commission on the Press — describes the federation's system of government as "creaking, unrepresentative and inward looking." It calls for the resignation of most of the BPIF's lay officers as a "striking, visible and symbolic act" to show that change is needed.

Members of the federation's council, which will be succeeded by a new management board if the recommendations are accepted, will begin deciding what action to take on the report next month.

Lord McGregor said yesterday he believed that unless the proposals in the report, or similar reforms, were adopted it was likely that the BPIF would collapse. "The choice for the federation is either to disintegrate or change."

The report proposes a new regional structure to replace the BPIF's existing autonomous regional alliances, and it is from here that opposition to Lord McGregor's proposals may develop. But the review body believes the BPIF will be unable to provide members with the level of service they need unless there is a regional reorganisation.

Mr. Bill Snell, BPIF president, said yesterday that although he did not expect a final decision on the report from the council this month the federation would have to make up its mind "fairly rapidly."

Basques win right to levy taxes

BY OUR MADRID CORRESPONDENT

THE BASQUE COUNTRY in Spain yesterday won the right to raise its own taxes, thereby securing a long-sought degree of autonomy for the region and removing a last obstacle to co-operation with the Madrid central government.

Under an agreement approved by the Spanish Cabinet and the autonomous Basque Government after weeks of tough bargaining, the central administration will cede to the Basque country the right to levy taxes. A yearly sum will be paid back to the Madrid treasury.

Agreement over the fiscal question was preceded by the conclusion of negotiations over the similarly vexed issues of the creation of an autonomous Basque police force and of the educational jurisdiction of the Basque Government.

The Madrid Government hopes that by meeting in full the demands of the Basque Nationalist Party for regional self-government, there will be a real chance of winning the co-operation of moderate Basque opinion and of isolating the gunmen of the Basque separatist organisation ETA.

Officials in Madrid said yesterday that the tax agreement ensured that at all levels the same taxes would be applied in the Basque country as in the rest of Spain.

They said there was no question of establishing special privileges or of creating a tax haven in these three northern provinces. The regional government would be responsible for levying and collecting taxes laid down by the central budget, and would pay into the treasury a sum fixed annually by royal decree.

The fear remains, however, that ETA could end its Christmas truce and unleash a new campaign of violence, as has occurred in the past with the announcement of apparent breakthroughs on autonomy. The assassination in Biarritz, south-west France, yesterday of a Basque exile named by the Spanish police as one of the organisation's senior leaders may fuel these fears.

Nationalist murdered Page 2

Continued from Page 1

European budget

ment the Parliament's supplementary 266m ua for social measures without a decision by the Council.

The Germans are well aware that the present clash could be politically explosive in France as she enters a Presidential election year, and stress that Mme Weil could legally have waited a few days longer before acting.

The row has put the Netherlands, which is on the point of taking over the Presidency of the Council, in an extremely difficult position.

The Dutch are unwilling to come down on either side of the argument, since they feel they will probably be called on to smooth out the differences between their Community partners next year.

While the Dutch support development of an independent directly elected European Parliament, they question whether its budget manoeuvres are the best way for it to show its strength. Nor are they keen to commit extra funds to the EEC at a time of financial stringency at home.

Italy, potentially one of the principal beneficiaries of the supplementary budget, supports the European Parliament's action and will pay her full contribution.

She has long favoured strengthening the powers of the European Parliament.

Continued from Page 1

Honours

with Mr. Victor Pasmore, the painter, becoming a Companion of Honour, Mr. Anton Dolin, ballet dancer and choreographer, and Mr. Michael Levey, director of the National Gallery, both receiving knighthoods. Mr. Kingsley Amis, the novelist, Mr. Vilem Tausky, the conductor, and Miss Margaret Lockwood, the actress, receive the CBE.

Sport receives less attention than usual because of the decision not to recognise any achievements by British athletes at the Moscow Olympics following the Government's recommended boycott. But Mr. Ron Greenwood, manager of the England football team, receives the CBE.

Ferries manager resigns

BY WILLIAM HALL, SHIPPING CORRESPONDENT

A BOARDROOM row at Brittany Ferries, the fastest growing ferry operator on the Channel, has led to the resignation of Mr. Paul Burns, the U.K. general manager.

The Roscoff-based ferry company, which is owned by a group of French farmers' co-operatives, has been growing rapidly and now claims to be the third biggest ferry operator on the Channel after Sealink and Townsend Thoresen.

Mr. Burns, a former marketing executive with Hertz and Trusthouses Forte, has played a major part in the growth of the company, which is now the biggest inclusive tour operator into France.

In 1981, Brittany Ferries had intended increasing its capacity and recently announced the acquisition of its biggest ship, the 11,500 grt Bolero, owned by Norway's Fred Olsen Line. The Bolero, which is capable of carrying 1,200 passengers and 300 cars, had been operating as a cruise ship in the Caribbean.

The new ship was scheduled to enter service in May on the Plymouth-Santander run. It would have more than doubled the capacity on the route. The 1981 brochures had already been printed, and sailing times fixed.

But, at the last minute, Brittany Ferries' board of French directors decided not to go ahead with the expansion. In a brief statement yesterday, the company said details for the acquisition of the Bolero could not be finalised in time for the beginning of the 1981 season.

The statement also noted that "increasing uncertainty about next year's economic climate" had contributed to the decision not to expand the route in 1981.

Mr. Paul Burns was not available for comment yesterday. However, it is understood that he resigned as a matter of principle because he believes Brittany Ferries has lost credibility in the travel trade, through its decision not to acquire the Bolero.

Brittany Ferries was established in 1973 to help French farmers get their produce into Britain. Originally, a single ferry operated a freight-only service between Roscoff and Plymouth. However, a year later a passenger service was inaugurated.

PORT CHARGES at most of Britain's major ports are being increased by an average of 15 per cent from January 1. The increases are designed to improve the financial position of the country's ports, a number of which are losing money. However, several ports are worried that the increased charges will drive away traffic to other ports. Details, Page 4.

Weather

UK TODAY

DRY with bright intervals in the east. Rain at first in the south. Wintry showers in the north.

London, Midlands, E. England
Mostly dry and cloudy, but some bright intervals. Moderate to fresh winds. Max. 8C (46F).

S. England
Occasional rain or drizzle near coasts. Becoming dry with bright intervals later. Max. 9C (48F).

Wales, N.W. England
Cloudy with scattered showers. A few bright intervals. Max. 8C (46F).

Scotland, Isle of Man
Scattered showers, becoming wintry later. Gale force winds on coast. Max. 7C (45F).

Outlook: Cold and mostly dry after wintry showers in the north, becoming milder with rain spreading from west.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	London	C	10	50
Algiers	R	9	48	L. Ang.†	C	18	[illegible]
Amsdm.	C	8	46	Luxmbg.	R	1	34
Athens	R	8	46	Luxor	S	20	68
Bahrain	S	20	68	Madrid	S	10	50
Barcelna.	S	12	54	Malaga	S	15	59
Beirut	F	16	61	Malta	C	15	59
Belfast	C	10	50	M'chstr.	C	9	48
Belgrd.	S	2	36	Melbne.	S	23	73
Berlin	C	8	46	Miami†	C	11	52
Biarritz	S	4	39	Milan	S	3	37
Bmghm.	C	8	46	Montrl.†	C	−14	7
Blackpl.	C	9	48	Moscow	Sl	2	36
Bordx.	F	2	36	Munich	F	3	27
Boulgn.	C	8	46	Nairobi	S	27	81
Bristol	C	8	46	Naples	F	11	52
Brussels	R	6	43	Nwcstl.	F	10	50
Budpst.	C	2	36	N. York†	C	3	37
Cardiff	R	8	46	Nice	S	12	54
Cas'b'ca	S	14	57	Nicosia	S	16	61
Cape T.	S	25	77	Oporto	S	11	52
Chicg.†	C	−1	30	Oslo	F	4	39
Cologne	R	6	43	Paris	C	6	43
Corfu	S	13	55	Perth	R	19	66
Denver	C	4	39	Prague	C	2	36
Dublin	C	10	50	Reykjvk.	C	−1	30
Dbrvnk.	S	0	32	Rhodes	C	15	59
Ednbgh.	C	10	50	Rome	S	9	48
Faro	S	14	57	Salzbrg.	F	0	32
Florence	S	11	52	S. F'cisco†	Fg	7	45
Frankft.	C	2	36	Stckhm.	F	4	39
Funchal	F	17	63	Strasbg.	C	0	32
Geneva	F	0	32	Sydney	C	19	66
Gibraltar	S	16	61	Tangier	S	16	61
Glasgow	C	11	52	Tel Aviv	F	17	63
G'nsey	C	7	45	Tenerife	F	13	53
Helsinki	S	3	27	Tokyo	S	10	50
H. Kong	F	18	64	T'r'nto†	C	−12	10
Innsbrk.	F	2	28	Tunis	T	14	57
Invrnss.	R	11	52	Valencia	S	14	57
Istanbul	F	8	46	Venice	S	5	41
Jersey	C	8	46	Vienna	F	5	41
Jo'burg	S	28	82	Warsaw	R	5	41
Lisbon	S	9	48	Zurich	F	−4	25
Locarno	S	4	39				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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